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## Christopher Seeks Unity On Using Force in Haiti But Opposition Mounts in Congress

By Paul F. Horvitz  
International Herald Tribune

WASHINGTON — Amid mounting opposition in Congress to an invasion of Haiti, American officials began a new effort Sunday to justify using force and defend President Bill Clinton's right to act without prior congressional approval.

Secretary of State Warren M. Christopher also made a general call for American "unity" as a means of persuading General Raoul Cédras, the Haitian military leader, to step down voluntarily.

In broadcast interviews, the secretary was joined by Madeleine K. Albright, chief delegate to the United Nations, in setting the stage for two events that now seem virtually certain to occur: a speech to the nation on Haiti by Mr. Clinton, and sharp debate in Congress on the merits of a U.S.-led invasion.

"There are big stakes in Haiti," Mr. Christopher declared, later adding: "This is a time when we need to have a sense of unity on behalf of the United States."

He said that democracy in the Western Hemisphere must be defended, that "unspeakable" human-rights violations were occurring in Haiti, that a new wave of Haitian refugees would destabilize the Caribbean and that the credibility of the United States and the United Nations were at stake after their demands that Haiti's military rulers step down.

American officials have already stated flatly that an invasion will occur if the Haitian military regime that deposed President Jean-Bertrand Aristide does not step aside. Some officials apparently believe the junta will pull up stakes only on the eve of an invasion.

The deadline for U.S. action remained vague, although informed speculation has focused on an invasion during the three-week period beginning the last week of September. "We are down to a very short period of time," Mrs. Albright said.

Mr. Christopher reacted sharply to recent suggestions that an invasion might be timed to give the White House a boost in opinion polls before the November congressional elections.

"Those charges are just pure baloney," he said.

The White House is well aware that Congress, including many Democratic members, and the American public are generally dubious about an invasion.

Bob Dole of Kansas, leader of the opposition Republicans in the Senate, made it clear Sunday that he would press for Senate debate on Haiti and for a vote asking Mr. Clinton to seek the consent of Congress before ordering troops into action.

Mr. Dole called an invasion "a big mistake" because no American lives are threatened in Haiti. He agreed that the president has the power to act without congressional approval, but said Mr. Clinton should defer to Congress anyway.

Under the War Powers Act, Congress can eventually cut off funds for U.S. troops fighting overseas.

Mr. Christopher said it was his duty to defend the president's "constitutional prerogative" to order a military strike.

"He is commander in chief; he is responsible for the armed forces," Mr. Christopher stated, noting that Congress did not vote before the U.S. invasions of Grenada or Panama.

Mrs. Albright said a Haiti incursion, already authorized by the United Nations, would not constitute an act of war but rather a "police action."

American officials continued to engage in well-publicized invasion preparations, evidently hoping that General Cédras



PAPAL BLESSING — A Catholic nun listening Sunday to Pope John Paul II during the Mass in Zagreb. The Pope urged Croats to use "unbreakable" cultural ties that link the southern Slavic peoples as a bridge to peace. Page 5.

## East German Governors Are Soundly Re-elected

Former Communists Continue Their Climb; Free Democrats Slump

By Steven Kinzer  
New York Times Service

POTS DAM, Germany — Both of East Germany's most popular governors were resoundingly re-elected Sunday, securing their position as the most successful and powerful politicians to have emerged from the former East Germany.

Both of the winners, Manfred Stolpe of Brandenburg and Kurt Biedenkopf of Saxony, won absolute majorities, which are rare in Germany. Projections suggested that Mr. Stolpe would finish with about 53 percent of the vote and Mr. Biedenkopf with nearly 58 percent.

In both states, the former Communist party continued its string of successes. Renamed the Party of Democratic Socialism, the former Communists took a projected 15 percent of the vote in Saxony and 19 percent in Brandenburg.

These results represented jumps of about one-third over the results of four years ago, and solidified the party's claim to be the third strongest political force in East Germany.

"We're moving ahead just as planned," Hans Modrow, East Germany's last Communist leader, said after the results became clear.

The party chairman, Lothar Bisky, said the results were "another sign that we will be successful in entering the federal Parliament next month."

In another result that could have national implications, the small Free Democratic Party fell short of the 5-percent level required for representation in both state legislatures.

"We were sure that we would win at least 5 percent," said Sigfried Lietzmann, a leader of the Free Democrats in Brandenburg. "This is a terrible disappointment."

The Free Democrats have for years played a crucial role in making and breaking federal governments, and are vital partners in Chancellor Helmut Kohl's government. These results marked the fifth and sixth elections this year in which the party failed to jump the "5-percent hurdle."

If this trend continues and the Free Democrats fail to take five percent in next month's federal election, the political picture in Bonn would change dramatically. Mr. Kohl would probably have to assemble a radically different government or surrender power.

The Green Party, which despite a merger with the East-based Alliance '90 is still

## Cuba Police Patrol Beaches In Crackdown on Rafters

By Tod Robberson  
Washington Post Service

COJIMAR, Cuba — Cuban policemen began cracking down Sunday on refugees working furiously to launch rafts ahead of a Tuesday government deadline, after which no departures by sea will be allowed.

An Interior Ministry police captain patrolling this popular beachfront on Sunday morning said he was under orders to persuade rafters not to leave. He added, however, that the police were not instructed to interfere with the departures of any rafts already waiting at the beach.

Cuba is responding to an accord signed Friday with the United States calling on President Fidel Castro to halt an exodus of rafters that has flooded U.S. detention centers with more than 20,000 refugees since August.

In exchange, Washington agreed to raise the limit on visas it grants to legal Cuban refugees from the current 2,700 a year to 20,000.

State-run television said that in compliance with the accord, the police would immediately begin confiscating any vehicles used to transport rafts to the seashore and that drivers would be arrested.

Scores of police patrolled Havana's seafront Malecon Boulevard on Sunday while checkpoints were established on key highways leading to beaches.

At several of the most popular raft launching points here in Cojimar, about 5 miles (9 kilometers) east of Havana, activity had significantly diminished Sunday in comparison with a packed beachfront on Saturday and Friday.

The police, carrying sidearms and clubs, stood at various points observing the activity. Curious onlookers, tourists and supply vendors stayed away, in contrast to the scene here a week ago when hundreds of observers crowded the beaches and cheered with each raft departure.

"The Gestapo passed through here early this morning," said Ramón, a Cojimar resident who sold an inner tube raft on Sunday for \$200.

They told everyone they would have better chances at the U.S. interests section to apply for immigrant visas, he said.

On Saturday, residents said, the Cuban government sent students, factory workers

## Japan Voters Rebuff Murayama Coalition

By T. R. Reid  
Washington Post Service

TOKYO — Japan's shaky governing coalition suffered a serious loss in a special election Sunday that seemed to show voters were unhappy with the status quo and eager for further political change.

In voting to fill a vacant seat in the upper house of Japan's national Diet, or Parliament, the people of Aichi Prefecture handed an easy victory to Yūsuri Tsuzuki, a political newcomer backed by a reform-minded coalition opposed to the government headed by Tomiichi Murayama.

Mr. Tsuzuki trounced Mr. Murayama's candidate, Jiro Mizuno, by 48 percent to 28 percent. Despite campaigning on his behalf by virtually every member of the Murayama government, Mr. Mizuno barely managed to scratch out a second-place finish against an independent, Makiko Suehiro.

The defeat, in the first national election since Mr. Murayama became prime minister two months ago, prompted political pros here to question the basic viability of the Murayama government. He heads an unusual marriage-of-convenience coalition in that Mr. Murayama's Social Democratic Party has aligned itself with two of the most conservative parties.

But the left-right alliance proved to be a serious political negative in the election.

At the local level, the Socialist workers did not want to cooperate with the conservatives, noted a political commentator.

## Separatists Ride Atop the Polls As Quebec Votes

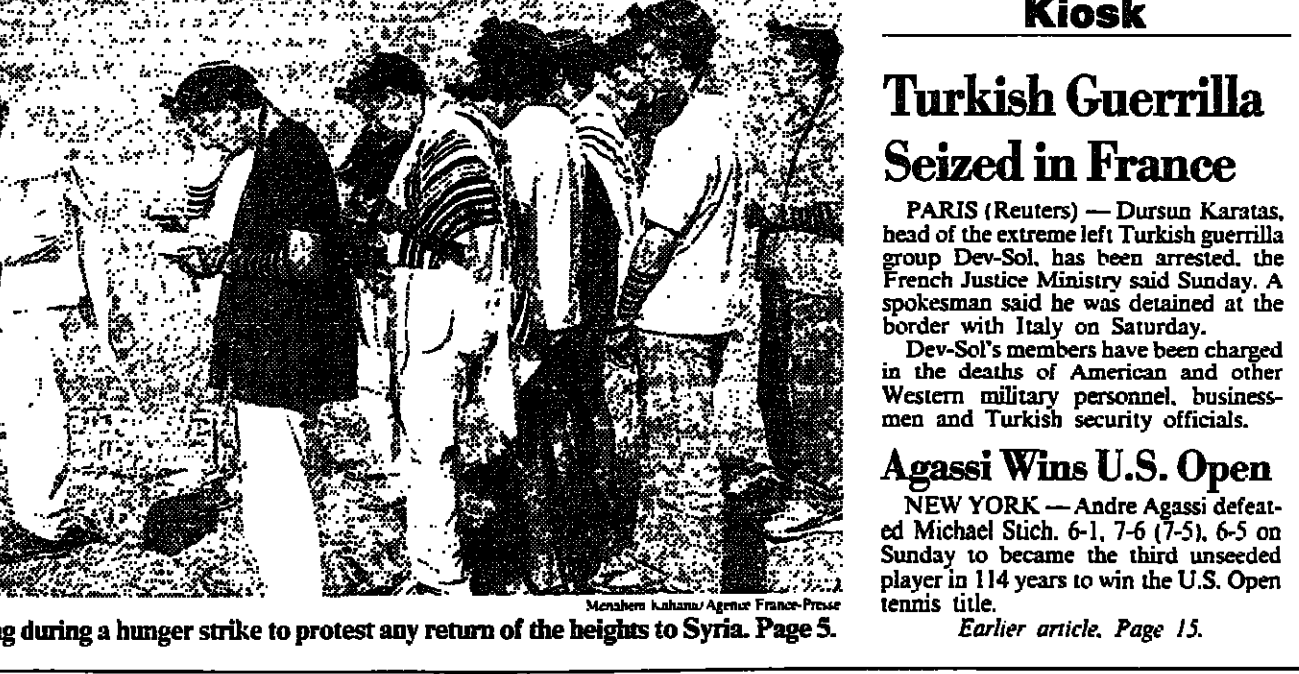
By Clyde H. Farnsworth  
New York Times Service

MONTREAL — Quebecers seem poised to elect a government on Monday that is committed to breaking away from Canada.

Almost all polls indicate that Jacques Parizeau, 64, leader of the separatist Parti Québécois and a former provincial finance minister, will defeat Premier Daniel Johnson of the Liberal Party, 49, a former business executive and the most federalist premier in several generations.

Once elected, a Parti Québécois government is committed to drafting a constitution for an independent Quebec, opening talks with Ottawa on the transfer of powers and the division of assets and passing a resolution in the Quebec Assembly affirming the will to separate. The new government would then call a referendum within 10 months to ask Quebecers to vote yes or no on independence, Mr. Parizeau said.

"We are going to settle this in 1995," Mr. Parizeau said recently. "We are going



GOLAN FRICTION — Israelis praying during a hunger strike to protest any return of the heights to Syria. Page 5.

## Immigration Agency Gone Awry: Rude and Inefficient

By Joel Brinkley  
New York Times Service

WASHINGTON — The Immigration and Naturalization Service does not bother to collect as much as \$23 million a year in fees, easy money that could be gathered with just a letter here or a phone call there. That is because, officials say, the agency cannot afford to hire the clerks to write those letters and make those calls.

Yet, each month it finds a way to allow dozens of its inspectors to take round-trip, all-expenses-paid cruises to places like Nassau in the Bahamas and Cozumel, Mexico, often accompanied by friends or family members whose expenses are also paid by the cruise lines.

The inspectors' job is to check the passengers' travel documents on the return trip.

It is a curious division of resources — no staff to collect millions but just enough to perform a courtesy service for the cruise industry. Yet, it is a classic example of the mismanagement that plagues the immigration service, perhaps the most troubled major agency in the federal government.

A New York Times investigation has found that the agency, an arm of the Justice Department, is broadly dysfunctional. Hobbled by understaffing, underfinanc-

## Metall Affair Comes Under Investigation In New York

By Alan Friedman  
International Herald Tribune

PARIS — The New York district attorney's office has begun an investigation of the Metallgesellschaft AG affair, which last year brought the German company to the brink of bankruptcy, following an oil futures trading loss of 2.3 billion Deutsche marks at its U.S. subsidiary.

Robert Morgenthau, the district attorney, said in an interview that his staff was investigating "the U.S. aspects of the Metallgesellschaft affair." He also said he was seeking the cooperation of German judicial authorities.

Mr. Morgenthau, who gained international renown in 1991 when he headed the U.S. investigation of the failed Bank of Credit and Commerce International, said he could not discuss details of the Metallgesellschaft case.

But it has been learned from other U.S. officials that the New York district attorney's office is looking at the role of both past and present Metallgesellschaft executives, and of Deutsche Bank AG, the leading creditor and a major shareholder of the troubled metals and mining conglomerate.

Metallgesellschaft AG, a conglomerate of 250 metals, trading and engineering businesses, is one of Germany's biggest companies, with annual revenue of about 25 billion Deutsche marks (\$16 billion). The company, which is undergoing a reorganization entailing job cuts and asset sales, said Friday that losses and restructuring costs had eroded all its reserves and part of its capital. As a result, Metallgesellschaft is expected to go back to bank creditors and stockholders for more cash.

Some of the company's capital problems relate to a recently announced accord that will allow Metallgesellschaft's U.S. subsidiary, MG Corp., to get out of unprofitable oil contracts it had with Castle Energy Corp., an American concern that had provided contracts for future oil deliveries to MG Corp. These contracts were at the

Newsstand Prices

Andorra.....9.00 FF	Luxembourg 40 Lr
Antilles.....11.20 FF	Morocco.....12 Dh
Armenia.....1.40 CFA	Qatar.....6.00 Riels
Egypt.....E.P. 5000	Reunion.....11.20 FF
France.....9.00 FF	Saudi Arabia..9.00 R.
Gabon.....960 CFA	Senegal.....960 CFA
Greece.....300 Dr.	Spain.....200 Ptas
Italy.....2.600 Lire	Tunisia.....1.000 Din
Ivory Coast 1.720 CFA	Turkey.....T.L. 35.000
Jordan.....1 JD	U.A.E.....8.50 Dirh
Lebanon.....US\$ 1.50	U.S. Mil. (Eur.) \$1.70



# Men in Driver's Seat, but a Woman Has the Fast Track

By Erik Ipsen

International Herald Tribune

COWLEY, England — It was in the back row of a cavernous lecture hall at Cambridge University that the news first hit Hilary Briggs. Surveying 300 or so classmates on her first day of engineering classes, she noted just how few were women. "I had

## Up and Coming

An occasional series about the leaders of tomorrow.

been studying math, physics and chemistry at a private all girls school," Miss Briggs said. "It had never occurred to me that not all girls did the same."

Undaunted by the odds of it all, four years later she topped the ante. She signed on at the archetype of male-dominated industries, the auto industry, joining the Rover Group, the British car maker now owned by the German company BMW.

There she steered clear of the traditional posts filled by women in the car business — marketing and purchasing.

A series of jobs on the hot and hectic factory floor quickly led to management posts as head of the

night shift, head of the paint shop and, three years ago, head of logistics for Rover's large car group here in Cowley, outside Oxford.

That position, which coordinates the flow of products to the customers, is akin to trying to fit together a "dynamic Rubik's Cube, with hundreds of suppliers, thousands of components, lorries with flat tires, storms, pestilence, floods and rail strikes," said Paul Kirk, Cowley's managing director.

The job is "a terrific proving ground," he said, where tensions are high and where all eyes are constantly on the "track."

The production track is a huge mechanism that takes £554 million worth of components supplied from 470 contractors and turns them into 92,000 cars a year. Any glitch in its even flow means mountains of components piling up at its head and waves of idleness sweeping out through the organization.

"Probably one of the worst things anyone can do is stop the track," said Richard Houlston, the supply manager at Cowley who reports to Miss Briggs.

Responsibility for keeping the monster supplied with whatever it requires in the correct quantities, sequences, qualities and at the right

time falls to Miss Briggs, her seven lieutenants and 120 associates.

(Officially all 3,500 people at Cowley, from the managing director to the guard at the gate are "associates" — a classless legacy of Rover's four-year collaboration with Honda of Japan that extends to the fact that at work all associates don the same gray overalls.)

The former Rover Group chairman, Sir Graham Day, once described Miss Briggs as the company's most dynamic young manager. Even well upstream in the supply chain from her spartan office overlooking the sprawling Building A assembly line, the praise is generous.

"Even though the business we do with our group has the greatest potential for complexity, it is the part of my business I worry least about," said Bob Ward, general manager of Lucas Rists, a company that supplies Cowley with 27 varieties of wiring systems. "This is a hectic and volatile business, and Hilary is very calm, very calm."

It does not come naturally. Miss Briggs is almost literally a self-made woman. "I used to get angry and just..." Her voice trailed off as she slammed her fist into her open palm. That, however, was before *taichi* — four years ago.



Hilary Briggs tames a monster.

At the time Miss Briggs had just ended her stewardship of the night shift with its grueling 8 P.M.-to-7 A.M. stints four days a week. Rather than relax and enjoy her idle evening hours, she began searching for an evening class. She found one in *taichi*, an ancient Chinese system of calisthenics.

"It makes me more centered and

relaxed in myself," she said. "Now when I get tense, I think about what is making me that way and then switch into prevention mode." She has discovered the ability to find escape valves in even the most stressful situations.

Miss Briggs attributes such successes to teamwork. Members of her team concur. "She gives you a warm feeling that we are going to accomplish things together as a team," said Mr. Houlston.

To give the process a further boost, Miss Briggs also passes to her staff pearls of wisdom she has gleaned from her relentless attempts at self-improvement undertaken outside Cowley's gates. From *taichi* they are told of the importance of turning their opponents' energy into their own advantage. From orienteering, a sport she has practiced since school days and which helped her to win a Duke of Edinburgh Gold Medal Award at 17, they are told how to find order in the midst of chaos.

Miss Briggs has achieved her high point. She reports that she is now relaxed and confident enough to be able to do the once unthinkable — nothing, absolutely nothing. "If I have a lot to do and I don't feel like doing it, I will sit," said Miss Briggs, her voice tinged with satisfaction.

## Q & A: Vaclav Havel Ponders the Arts of Summitry and Writing

For Vaclav Havel, the Czech playwright who went from prisoner of conscience to president of his country in 1989, recent weekends have meant meetings with other heads of state in Alpbach, Austria, and Banská Bystrica, Slovakia. Mr. Havel discussed summitry with Alan Levy for the International Herald Tribune.

Q. Your latest trip to Alpbach fell on the 26th anniversary of the Warsaw Pact invasion of Czechoslovakia in 1968. After a generation as a dissident, what were your feelings about this mission on that date?

A. It so happens that, in my mind, the 21st of August is linked with Alpbach in a special way. The European Forum there always takes place at this time of year and those invited include intellectuals as well as politicians. In 1968, I was invited to go to Alpbach along with some 23 Czech writers, artists and scientists. At the last moment, though, I decided not to go because the air was growing dense in my country and I had the feeling I had better stay at home. Some of my colleagues who went to Alpbach proceeded straight into exile after the invasion, and 1968's Alpbach forum became a kind of protest against

the invasion. So this is what I remembered when flying there on this anniversary.

Q. In Bohemia in April, you were host to a summit meeting for seven presidents. In Alpbach, there were nine, plus the Prince of Liechtenstein. Now how is President Aparad Goncz going to top this summitry when he holds his in Hungary next spring?

A. I'd find it very sad if this were to turn into a race for who can get more presidents together. It's not that difficult to assemble as many as 52. All you have to do is call a CSCE [Conference on Security and Cooperation in Europe] meeting. But the number is not what counts. For me, the focus is that a tradition is being established — that presidents of countries are getting together informally on a regional basis to discuss matters that are of mutual interest to them and deal with them with the kind of detachment from everyday affairs that presidents can afford.

Q. What baggage have you brought back from Alpbach?

A. No new treaty, but, of course, this has never been the goal of these meetings. Each gathering has had a specific feature or prevailing theme. In the case of Alpbach, it has been a discussion of

the European Union and a good one, too. It's very good that we were able to discuss the prospects of Union membership as equals. We came to agreement in various ways, and this became apparent in our conversations.

Q. Agreement in what ways?

A. Well, I found agreement when I raised the question of values. I think that in public opinion, there is a growing impression that the European Union is just a technical mechanism regulating who is allowed to catch fish where or how many tons of wheat can be exported from Country A to Country B. Not enough is said and done about the civic and spiritual, human and historic dimensions of the civil society, of freedom of speech and religion, and recognizing that the encouragement of talent and creativity is rooted in the centuries-old tradition of Europe.

Q. You are met everywhere with brass bands and 21-gun salutes. Do you enjoy all this pomp and ceremony?

A. I wouldn't say I enjoy ceremonies just on principle, but I do try to distinguish between what is enjoyable and what is pure cliché, like all the posing for photo opportunities. But, after all, ceremonies are a part of public life, and I do like those that are done with taste and simplicity.

tradition and ritual, where you can perceive some spirit behind them.

Q. Are you enjoying your job?

A. It's like any other job I've had throughout my life. I enjoy it when I'm succeeding, when it brings some results — and when it's hopeless, I will retire.

Q. Could you just leave it and go back to writing?

A. I have not stopped writing altogether, for I still write my speeches. But this is not always so pleasant. Before, as a writer, I wrote when I had some idea that I wanted to commit to paper, while now I have to write whenever [my advisers] plan a speech for me to deliver. Of course, I cannot do any other writing right now. I have neither the time nor the ability to concentrate on anything else. But one day, after I leave office, I would certainly like to write differently again.

Q. Do you think you'll be a better writer for your experience as president?

A. I would not venture to say whether I will have become a better writer afterward, but certainly I'll be able to draw upon a wealth of inspiring experience. Whether I will be able to make use of that experience, I would not venture to judge.

## Jessica Tandy, Stage and Film Great, Dies

By Marilyn Berger

New York Times Service

Jessica Tandy, 85, who enhanced the American theater and enriched the American screen as few actresses have, died Sunday at her home in Easton, Connecticut. The cause was ovarian cancer, said her husband, the actor Hume Cronyn.

Miss Tandy triumphed on Broadway in 1947 as Blanche Dubois in Tennessee Williams' "Streetcar Named Desire," and was still a great star more than 40 years later when she played the title character in the 1989 film "Driving Miss Daisy." In the years between, she and her husband played opposite each other in success after success to become the most illustrious theater couple of their day.

With the role of Blanche Dubois, Miss Tandy emerged from a series of minor film roles as a maid for some of Hollywood's leading ladies, to establish herself as one of the leading ladies of the stage. The memory can still bring chills to those who saw her performance, which The New York Times drama critic Brooks Atkinson called "incredibly true."

Almost four decades later, another New York Times drama critic, Frank Rich, wrote of her, "Everything this actress does is so pure and right that



Miss Tandy in the 1992 film "Fried Green Tomatoes."

only poets, not theater critics, should be allowed to write about her."

When she was 80, she brought that purity and rightness to her portrayal of an aged and fiercely independent Southern lady in "Driving Miss Daisy." It was a performance that won her critical acclaim and, at last, an Academy Award. When she received the Oscar in March 1990, she was the oldest person ever to win one.

She vowed to go on working, although she said she hoped she would know when to stop, "before they have to get the hook." The Academy Award came one

year after she won an Emmy for her performance in the television adaptation of "Foxyfire," of which her husband was a co-writer. Even after she became seriously ill, she continued to work, completing three films and two television dramas.

When Miss Tandy and Mr. Cronyn first appeared together, in "The Fourposter" in 1951, audiences found a husband-and-wife team that would come to succeed Alfred Lunt and Lynn Fontanne as the foremost couple of the American theater. One triumph followed another, culminating in "The Gin Game" in 1977 and "Foxyfire" in 1982.

When they took "The Gin Game" to Moscow in 1979, they won the accolade that Mr. Cronyn treasures above all others. Oleg N. Yefremov, the director of the Moscow Art Theater, wrote, "It takes a couple of actors from America to remind us what Stanislavsky was talking about."

Miss Tandy was nominated five times for a Broadway's biggest award, the Tony, and won three: in 1948 for her role as Blanche Dubois, for "The Gin Game" in 1978, and for "Foxyfire" in 1983. Mr. Cronyn was also nominated for "The Gin Game" but did not win. "I was bitterly disappointed," Miss Tandy said. "His performance is part of mine. I think he's very proud when I win, and vice versa."

In July 1994 they were honored with a special Tony for their life's work in the theater. They had already received the Kennedy Center Lifetime Achievement medal, in December 1986, and the National Medal of Art in 1990.

Miss Tandy, who became an U.S. citizen in 1954, was born in London on June 7, 1909. Her father died when she was 12 and her mother took clerical and teaching jobs at night to supplement her regular income as headmistress.

Her love of the theater led her to the Ben Greet Academy of Acting where, in 1924, she began three years of dramatic training. She was 18 when she made her professional debut.

## Transportation Chief Defends USAir

Reuters

PITTSBURGH — Transportation Secretary Federico F. Peña on Sunday defended the safety record of USAir, one of whose planes crashed Thursday night, killing 132 people, and said he planned to take a USAir flight on a business trip next week.

"Our review of all of our maintenance efforts and all our surveillance indicates USAir has been complying with our regulations," he said on the ABC News program. "This Week with David Brinkley."

But he said he was unsure if the financially troubled airline would survive its fifth fatal crash in as many years.

Carl Vogt, a National Safety Transportation Board investigator, who appeared on the same program, said investigators were examining many causes for the crash.

Referring to reports that there may have been another plane in the area, Mr. Vogt said

there was no evidence that choppy air from another plane could have caused the crash. The Boeing 737-300 slammed into the ground just short of Pittsburgh International Airport and burst into a fireball.

Mr. Vogt said earlier that reversal of thrust in the right engine was being investigated as a possible cause of the tragedy.

A reverser actuator from the aircraft's right engine was found in the extended position, he explained, which could indicate a loss of forward thrust in the right engine.

But Robert Machol, who retired as the Federal Aviation Administration's chief scientist this year, said on the NBC News program "Meet the Press" that he was sure the crash was not caused by a thrust reverser.

"I suspect," he said, "there was something wrong with the airplane, either in the manufacture or the maintenance of the airplane, some mechanical device that broke, some wire that shorted, some glitch in the software in the computer, something happened that made the plane uncontrollable."

## WORLD BRIEFS

### U.K. Nears Accepting IRA Cease-Fire

LONDON (AFP) — Foreign Secretary Douglas Hurd of Britain said Sunday that London was moving toward accepting the IRA cease-fire as permanent, nearly two weeks after the republican movement announced a "complete cessation" of violence in Northern Ireland.

"There's been progress in the right direction, even in the last few days," Mr. Hurd said. He told the BBC that London was still waiting for "words and deeds" from the Irish Republican Army before accepting that the cease-fire was durable. But he stressed that it did not necessarily have to say the word "permanent."

The IRA cease-fire took effect Sept. 1.

### French Schools Ban Muslim Scarves

PARIS — The government has announced that it will ban the wearing of Muslim-style head scarves in public schools, asserting that the widening practice violates a tradition of secular education in France. The wearing of such scarves has become increasingly common among Muslim schoolgirls in France, particularly in areas with large concentrations of Arab or Turkish immigrants.

Education Minister François Bayrou said in a published interview that he was issuing instructions to principals of all public schools to start enforcing the ban immediately. The dispute over the scarves flared up first in 1989.

Asked if the scarf worn by some Muslim girls was the specific target of the ban, Mr. Bayrou said yes. He said the scarf had the effect of dividing Muslims and non-Muslims in schools.

### New U.S. Concession to North Korea

WASHINGTON (WP) — The Clinton administration has decided that North Korea can store thousands of plutonium-laden nuclear fuel rods inside welded steel containers as an interim step toward handing the rods over to another country, U.S. officials said.

The plan is meant to help meet a North Korean demand that the spent fuel rods be preserved and retained on the country's territory, while also complicating any attempt by the government there to reprocess the rods and separate the plutonium for potential use in nuclear arms.

The new plan is the latest in Washington's longstanding diplomatic effort to halt and eventually reverse what U.S. officials claim is an ambitious North Korean program to develop nuclear weapons.

### Crimea Leader Dissolves Parliament

SIMFEROPOL, Ukraine (AFP) — President Yuri Meshkov of the autonomous republic of Crimea announced Sunday the dissolution of the local Parliament, which has been in conflict with him for several weeks.

Mr. Meshkov said in a radio broadcast that he had also dissolved local government bodies and that a referendum on a new Crimean constitution would be held before April 9, followed by parliamentary elections within three months. He said he had "taken on total authority" in the peninsula, which is a part of Ukraine but dominated by a Russian population.

The move comes five days after the Parliament passed amendments to a law reducing the role of the president from that of head of state to chief of government.

## TRAVEL UPDATE

### SAS Cancels 70 Flights in Walkout

COPENHAGEN (AP) — Scandinavian Airlines System canceled 70 European, Nordic and domestic flights out of Copenhagen on Sunday as plane technicians started a wildcat strike to protest new working hours.

The strike, causing delays of up to four hours, did not affect intercontinental destinations or other carriers' flights, SAS said. About 100 technicians took part in the action in Copenhagen, the airline's hub. It was not known whether the strike would continue.

Heavy rains and rough seas throughout the Caribbean were forecast for Monday as a westward-moving tropical storm system began breaking up. Heavy rain and gusty winds were also expected to spread over the Windward Passage, Jamaica, and the southeastern Bahamas. (AP)

Vietnam Airlines is planning to enlarge and modernize Tan Son Nhut International Airport in Ho Chi Minh City to handle 8 million passengers and 160,000 tons of cargo by 2000, an official report said. (AP)

### This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Gibraltar.  
WEDNESDAY: Nicaragua.  
THURSDAY: Costa Rica, El Salvador, Guatemala, Honduras, Israel, Japan, Nicaragua.  
FRIDAY: Malaysia, Mexico.  
SATURDAY: Angola. Sources: J.P. Morgan, Reuters.

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Australia	El Salvador	022-803-1111	Italy	177-150-2727	Paraguay	155-0222
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Belgium	Greece	0800-10012	Labrador	0800-11	United Arab Emirates	00-9001-1177
Bermuda	Honduras	1-800-824-1000	Lebanon	800-MCH(800-624)	United Kingdom	00-9001-1177
Bolivia	Hungary	000-802	Liechtenstein	800-424	USA, using BT	00-9001-1177
Brazil	India	1-800-824-1000	Luxembourg	0800-412	To call the U.S. using BT	000-9001-1177
Canada	Indonesia	000-802	Mexico	85-800-014-7000	To call anywhere other	000-9001-1177
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Costa Rica	Korea	000-802	Norway	0800-412	Vietnam City	1-800-889-8000
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## THE AMERICAS / BACK TO THE FUTURE

## Unfinished Business Dogs the Congress

By Helen Dewar

Washington Post Service

WASHINGTON — The record of the 103d Congress — good, bad or dismally indifferent — hangs in the balance as lawmakers return Monday for a final pre-election push to salvage as much as they can from their legislative agenda.

With Republicans emboldened by President Bill Clinton's sagging popularity and by prospects for big Republican gains in the House and Senate, partisan tensions are high even by normal campaign-season standards, complicating efforts to reach consensus on major legislation by the end of the session on Oct. 7.

The unfinished business is staggering, covering issues ranging from modest changes in the health-care system to a new world trade agreement, toxic waste clean-

up, education, banking, housing, telecommunications and curbing special-interest influence on Capitol Hill. Foes could also try to force a vote on Mr. Clinton's plan to invade Haiti to remove its military regime.

The schedule is even more daunting. Congress has given itself less than a month to wind up its work.

Despite the failure of comprehensive health-care reform before the start of the late August recess, passage of most of the remaining legislation would give lawmakers a solid record of achievement and enable them to face voters Nov. 8 without embarrassment.

But success is far from certain on most of the high-profile bills. "It's bad enough being an incumbent at this point," said a Senate Democratic aide, "but an incumbent without anything to show for it is too much."

With passage of most of the remaining agenda, "you could say it's been a productive Congress and ask why this president and Congress are getting such a bad rap," said Thomas E. Mann, director of governmental studies at the Brookings Institution. But, without it, he added, the headlines would read "Gridlock Returns."

The Senate majority leader, George J. Mitchell of Maine, expressed cautious optimism in an interview last week that a stripped-down health care bill and most of the rest of the last month's agenda could be enacted, but he acknowledged it would not be easy. He also said he expected most Republicans to try to block any legislation that Mr. Clinton could claim as a victory.

## At Grass Roots, Health Plan Is Withering

By Robin Toner

New York Times Service

ALBUQUERQUE, N.M.

— Anyone who still hopes that major health-care legislation can be saved this year by an angry uprising from the grass roots will draw little solace from the experience of Senator Jeff Bingaman of New Mexico.

Mr. Bingaman, a Democrat, worked hard for a health-care bill this year and was sorry to see it fade; he thought his state,

with one of the highest rates of uninsured people in the nation, would benefit from it.

But in this last, critical recess before Congress returns for the final business of the legislative year, Mr. Bingaman says that while some constituents were frustrated, many were actually relieved by the collapse of the health-care effort.

"There's been enough confusion sown around the issue that I don't see a major push for us to just get something done in order to get something before

the break," he said. "There's nobody outside picketing because health-care reform has floundered."

In New Mexico, and, political consultants say, in many other parts of the country as well, the murky, complicated struggle over health care that dominated the news over the summer may be fading into the background as the fall campaign gets under way.

At a debate last week, Mr. Bingaman was asked about health care only after questions on the deficit, cuts in military spending, grazing fees, crime and drugs.

Interviews with lawmakers in 10 other states last week suggested that Mr. Bingaman's experience is not unusual. Several members described the reaction of their constituents to the collapse of major health care legislation as mixed and muted.

"For whatever reason, I'm not getting as much positive or negative feedback on health care," said Senator Thomas A. Daschle, Democrat of South Dakota, a major figure in the health-care effort. "They've gone from confused to opposed to ambivalent."

In California, Representative Jane Harman, a Democrat, said: "This is not a top concern for my constituents. They care about jobs and crime and illegal immigration."

And in New York, Representative Susan Molinari, a Republican, argued that the pressures of the calendar and the com-

plexity of the issue have created an exceedingly cautious public. "What frightens people most, and what puts off Congress — a lot of members — was the time line," she said. "You are talking Plan A one day that becomes Plan B, and yet people don't know what plan B is yet, and they read that their representative is voting for it."

These soundings from the districts, if widely held, could have important implications for efforts to get even a modest health-care bill passed in these final weeks of the legislative session. Leaders in the Senate are still hopeful that they can hammer out a bipartisan approach that could cover millions of Americans.

But given the time constraints, it would not be easy. And advocates of health-care restructuring had long counted on the prospect of a public backlash to push Democrats — and some moderate Republicans — to pass at least "a first step" health-care bill this year.

Lawmakers said they did not sense a great push from the public to act before Congress adjourns in October. Even a member of the Democratic leadership, Representative Vic Fazio of California, chairman of the Democratic Congressional Campaign Committee, said, "There's no question that at the moment, not only the expectation that we'll do something big is reduced — but also the demand that we do something quickly."

## POLITICAL NOTES

## Barry May Just Score Capital Comeback

WASHINGTON — In the final weekend before a Democratic primary virtually certain to produce the District of Columbia's next mayor, Marion S. Barry Jr., the man driven from that office by a drug conviction, is close to achieving what many residents once thought unimaginable.

With Washington reeling from a serious budget deficit, an eroding quality of life, and strained relations with Congress, he finds himself a leading contender, despite having ended his last term four years ago with a six-month jail sentence.

Mr. Barry, 58, who was mayor for 12 years, is nearly tied for the lead in recent polls with John Ray, a city councilman for 15 years who has run for mayor unsuccessfully three times. Each is favored by nearly one-third of the voters. Mayor Sharon Pratt Kelly, who succeeded Mr. Barry in 1990, is a distant third with less than 20 percent of voters' support.

While Mr. Ray, 51, a lawyer, has been endorsed by several big unions, major business organizations and The Washington Post, the most electrifying theme throughout the campaign has been Mr. Barry's robust return to politics, trying to convince voters that he can be trusted to serve as mayor again.

To many, it has been an easy sell. "I'm just blessed with some charisma," he said in an interview, explaining why voters still find him attractive. "I have substance. But I add style to it. That means you're really dynamic." (N.Y.T.)

## Perot, Looking to '96, Assails Clinton

DENVER — With a harsh assault on President Bill Clinton, Ross Perot began a renewed drive over the weekend to turn his 1992 supporters into a political force that shapes the outcome of November's congressional elections and the 1996 presidential contest.

"We can slow down the rush toward big government in 1994 if we commit ourselves to do it. And, even better, we can bring it to a grinding halt in 1996," Mr. Perot declared here as he started a 10-city September tour. Mr. Perot won 19 percent of the 1992 presidential vote as a third-party candidate.

His speech was laced with attacks on Clinton initiatives, ranging from the crime bill to the failed health care proposal. But he reserved his most personal criticism for a possible U.S. invasion of Haiti: "This president indicates he is not going to ask Congress to approve it. I suggest that particularly in his case, since as a young man he declined to risk his life in combat, he go to those people in Congress who understand what war is all about" to get approval. (N.Y.T.)

## Quote/Unquote

President Clinton, in a speech to black Baptists at a convention in New Orleans, urging blacks and whites to adopt a new and less tolerant attitude toward illegitimacy and single parenthood: "Americans are raising a whole generation of children who aren't sure they're the most important person in the world to anybody. That is a disaster. It is wrong. And someone has to say again: It is simply not right. You shouldn't have a baby before you're ready, and you shouldn't have a baby when you're not married." (N.Y.T.)

## Away From Politics

• Five people, including the security supervisor who allegedly masterminded the job, were in custody over the weekend in the recent \$1.9 million Tiffany's heist. New York authorities said. Almost none of the stolen jewelry was recovered, but a

sixth man still at large is thought to have most of the valuables.

• A Ford worker opened fire with a handgun as a Dearborn, Michigan, union meeting was ending, killing two fellow workers and wounding two others.

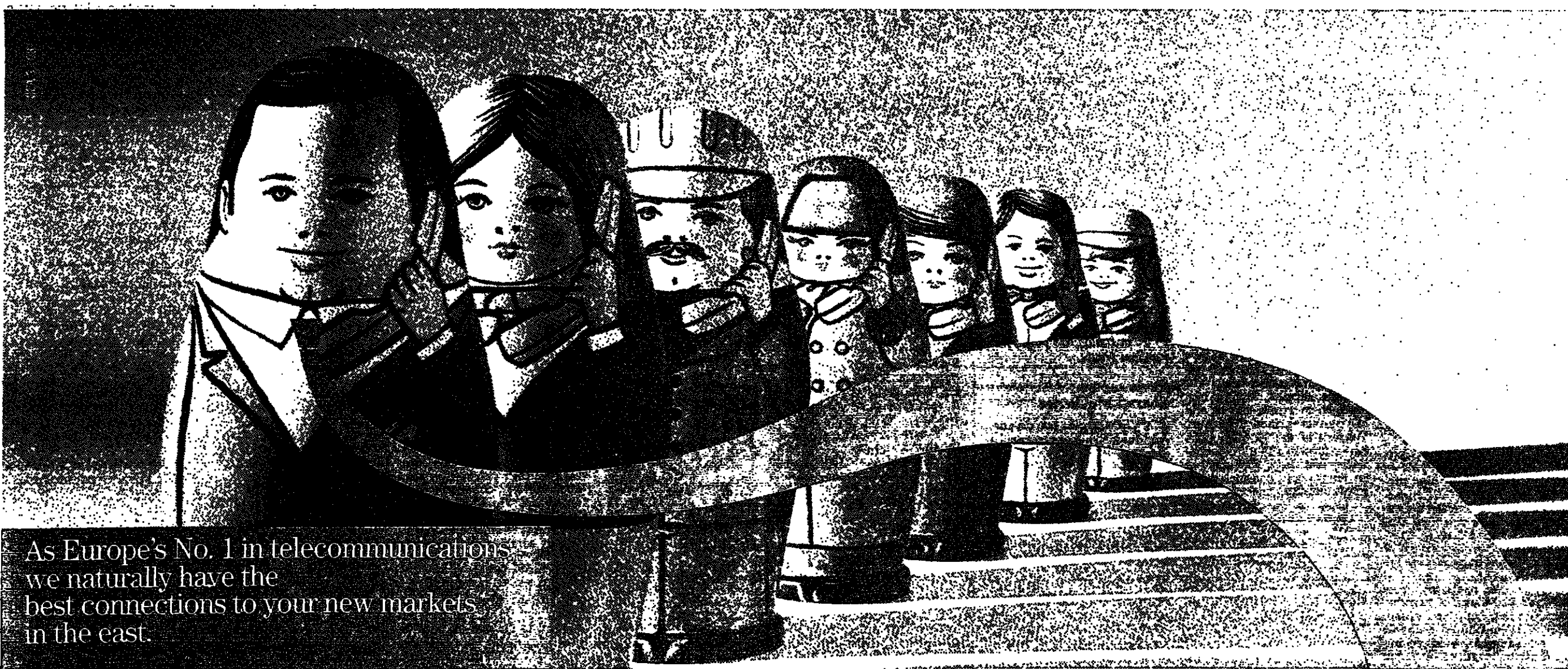
• New York City high school students face larger classes and fewer course

choices this year because of surging enrollments and the layoffs of hundreds of teachers aides and administrators.

• Officials at a California church are evicting a preschool operating on the Santa Clara church's property, saying that children should be reared by their parents. (AP, N.Y.T., L.A.T.)



HIGHER, PLEASE! — Hillary Rodham Clinton protesting low pitches as she took a few swings in a batting cage on the South Lawn of the White House. She and President Bill Clinton had earlier viewed parts of the documentary "Baseball," produced by Ken Burns.

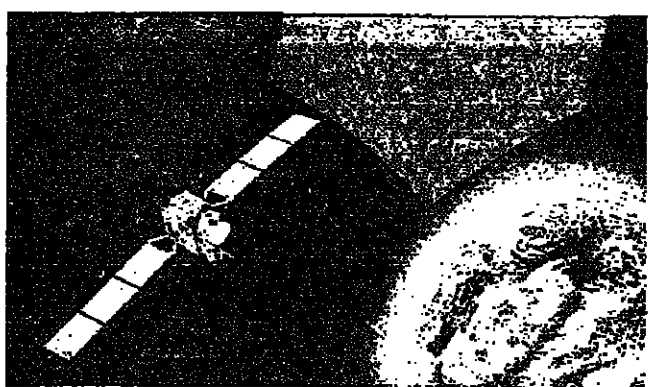


Whether it's easy access to international telephone lines, or setting up inter-office computer links, fast and efficient two-way communications are an absolute must for western companies doing business in the emerging markets of eastern Europe. Unfortunately, the existing public networks in these countries cannot cope with the traffic demand and this creates a severe problem for many companies.

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## China Vents New Anger At the U.S. On Taiwan

By Patrick E. Tyler

**New York Times Service**  
**BEIJING**—China has registered another "strong protest" over the Clinton administration's decision to upgrade unofficial ties with Taiwan, warning that Taiwan was a potentially "explosive issue."

A senior Foreign Ministry official summoned Ambassador J. Stapleton Roy on Saturday and accused Washington of "taking steps" to create "two Chinas, or one China, one Taiwan," and said this would not only stall the development of relations but would also lead to their deterioration.

"We demand that the U.S. government approach the question of Taiwan with every seriousness and caution," the official, Deputy Foreign Minister Liu Huaqing, said according to the Xinhua press agency.

Mr. Liu accused Washington of "gross interference in China's internal affairs" and of infringing upon China's sovereignty, saying, "This represents a major retrogression of the United States policy on the question of Taiwan, which will entail grave consequences."

Western diplomats have nevertheless argued that China's warning does not portend a serious rift in relations. Indeed, for the last several weeks, senior Chinese leaders have been questioning U.S. officials about what might be required to persuade Mr. Clinton to consider a state visit to Beijing.

Beijing's Taiwan strategy appears to be one of stepping up diplomatic pressure to counter the recent successes of Taipei in winning greater recognition for its economic power.

China immediately protested Wednesday when the administration announced a series of modest upgrades in the unofficial relationship that has existed between Washington and Taipei since formal ties were severed in 1979.

At the core of the dispute over Taiwan are U.S. military sales.

## AMERICAN TOPICS

### Many Emergency Rooms Have Untrained Doctors

Many U.S. emergency rooms are staffed by doctors who were never taught how to treat a heart attack, resuscitate a child or treat bleeding, and patients may be dying as a result.

"It would be fair to say that lives could be saved," said Dr. L. Thompson Bowles, "if all emergency departments were staffed by appropriately trained individuals." Dr. Bowles is president of the National Board of Medical Examiners and the chairman of a group of 38 health care authorities who studied the issue.

The report strongly condemns a practice in which interns supplement their modest incomes by working part time in emergency rooms.

"Many 'moonlighters' lack training and adequate experience in any aspect of primary health care," the report said.

Only about half the country's 25,000 jobs in emergency medicine are filled by doctors certified to provide emergency care.

Part of the problem, the report said, is that fewer than 20 percent of American medical schools require courses in emergency medicine.

"I think the public would be shocked if they knew how few physicians are competent to provide CPR," said Dr. Thomas Meikle, president of the Josiah Macy Jr. Foundation of New York, which commissioned the report. He was referring to cardiopulmonary resuscitation.

### Short Takes

Teenagers would face a three-stage process to become full-fledged drivers under a proposal by the National Highway Traffic Safety Administration. The phased-in licenses

would require at least 18 months without any accidents or convictions before a youth could have full driving privileges. Based on rules driven, teens are involved in four times as many accidents as adults, the agency said, and "Traffic crashes are the No. 1 killer of teenagers."

Under the proposal, a youth would first get a learner's permit, which would allow driving only when accompanied by a licensed driver aged 21 or older. The intermediate stage would allow the youth to drive solo only during daylight hours.

In order to save scenic farmland from development, voters of Peninsula Township in Michigan's Grand Traverse County have narrowly approved, 1,208 to 1,081, a property tax increase that will raise at least \$2.6 million, perhaps considerably more, over the next 15 years. The tax increase, an extra \$81 a year on a \$130,000 dwelling, will be used to preserve thousands of acres of orchards and farm fields overlooking Grand Traverse Bay by paying growers not to sell to developers—indeed, not to use their land for anything but farming.

The program on Old Mission Peninsula will offer farmers cash payments, to be distributed to them over 15 years, for the development rights to their land—the difference between the land's value for agriculture and its value for housing.

It is high time that filmmakers "showed a little respect for the seasons," Anne Raver writes in *The New York Times*. In "The age of innocence," Daniel Day-Lewis embraces Wynona Ryder in a Florida garden. But none of the plants are semitropical. In "Jaws," the shark attacks on the Fourth of July. But ashore, the trees are wintry bare. In "Wolf," Jack Nicholson encounters a wolf on a snowy, icy March night in New England. The next day, still in New England, the grass is green and the trees are leafed out. Watch it, Miss Raver warns Hollywood, because "garbaging is America's No. 1 hobby." And gardeners tend to be observant types.

*International Herald Tribune*

## VOTE: Former Communists Gain in East Germany

Continued from Page 1

struggling to build a base in Eastern states, suffered a serious setback by failing to win seats in either state legislature. Far-right parties scored even more poorly.

Both of the day's biggest winners, Mr. Stolpe and Mr. Biedenkopf, suggested that they would use their strengthened power to insist that the Bonn government treat Eastern states more generously.

"The results are really overwhelming, but they are also a call to duty," Mr. Stolpe said in Potsdam, the capital of Brandenburg. "People want their in-

terests represented, and that is what I am going to do."

Voters in both Brandenburg and Saxony evidently cast votes of confidence in two powerful individuals rather than expressing support for a party. Mr. Stolpe, 59, is a Social Democrat who was a Lutheran Church administrator during the days of Communism. Mr. Biedenkopf, 64, is a member of Mr. Kohl's Christian Democratic Union, though he has a long history of rivalry with the chancellor.

"We are in the middle of building up a new region in Europe," Mr. Biedenkopf said in Dresden, the Saxon capital. "People don't want to change architects."

Both Mr. Stolpe and Mr. Biedenkopf are high-profile politicians who have sought to defy pessimists by turning their collapsing states into a modern and prosperous region.

Only one more state election, in Bavaria on Sept. 25, is scheduled before the Oct. 16 federal election in the federal election. Mr. Kohl holds a wide lead over his Social Democratic challenger, Rudolf Scharping, but even his own aides do not expect his party and its Bavarian affiliate to win an outright majority.

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## Prosecutors Won't Seek Execution Of Simpson

By Jim Newton and Ralph Frammolino

**Los Angeles Times Service**

**LOS ANGELES**—Ending weeks of suspense, prosecutors have announced that they will not seek the death penalty against O.J. Simpson and, instead, will ask that he be sentenced to life in prison without parole if he is convicted of murdering his former wife and a friend of hers.

In a letter sent to Mr. Simpson's lawyers, an assistant district attorney, Frank Sundstedt, said the decision was made after "consideration of all available aggravating and mitigating penalty phase evidence."

Robert L. Shapiro, one of Mr. Simpson's lead attorneys, said the decision meant the defense could concentrate its efforts on winning an acquittal at the trial.

The death penalty decision was made nine days after the initial deadline set by the prosecutors for deciding the issue. Mr. Simpson's attorneys protested last week that they were being forced to prepare for trial without knowing whether their client was fighting for his freedom or his life.

Legal experts, who had criticized the delays, generally agreed that the decision was not only legally correct but also strategically sound.

Among other things, they theorized that it would have been difficult for prosecutors to have won a conviction had jurors been confronted with the possibility of putting the football great to death.

The possibility of a death sentence would have had a direct impact on how the two sides proceeded with jury selection. In death penalty cases, jurors who feel they could not order any person executed are automatically excused.

**\$10,000 Mementoes Bid**  
 An anonymous bidder paid \$10,000 for the contents of the hotel room where O.J. Simpson stayed for a few hours the day after his former wife and her friend were killed. The Associated Press reported from Chicago.

The bid Saturday robbed other Simpson collectors of buying what they believe could be a piece of history. "Someone will pay \$100,000 for this room someday," said Rose Simone, who bid \$65 dollars for lamps Mr. Simpson may never have switched on. A clipped dresser, a pastel bedspread and generic framed prints were among the 31 items sold, along with standard fixtures—an ashtray, an ice bucket, even a Bible.

Mr. Simpson stayed in the room after arriving from Los Angeles on June 13. He returned to California the same day after the police called him to tell him of the slayings of Nicole Brown Simpson and Ronald Goldman.



The outdoor auction in Chicago where objects from the hotel room used by O.J. Simpson were put on the block.

## QUEBEC: Separatists Atop Polls

Continued from Page 1

to give ourselves a country." Quebec is the largest of Canada's 10 provinces in land area; the population of 7 million is second largest, after Ontario.

Yet, over the seven-week campaign, the same polls pointing to Mr. Parizeau's victory have also shown that most Quebecers oppose independence, roughly along the 60-40 split of the last referendum in 1980.

That vote was held after the Parti Québécois came to power for the first time, led by its founder, the late René Lévesque. But even after rejecting independence, voters gave him a second mandate to run the province, suggesting that the two issues—running the government and starting a country—have different political dynamics.

Mr. Johnson, whose father, also named Daniel Johnson, was premier in the 1960s and whose brother, Pierre-Marc Johnson, took over from Mr. Lévesque in 1985 to become the second Parti Québécois premier, warns of "permanent economic damage" should the province secede.

But Mr. Johnson, though party leader for only nine months, is shackled by the economic record of the Liberal

government, which has been in power nine years. The unemployment rate has soared into double digits.

Of the 125 seats in the Quebec Assembly, the Liberals control 78 and the Parti Québécois 34; there are 5 independents and 8 seats are vacant.

Mr. Parizeau, who holds a doctorate in economics from the London School of Economics, argues that independence will bring solid economic advantages.

Quebec programs that support farmers, provide unemployment insurance and build roads and schools and other projects would be fed by the \$30 billion that Quebec now gives in taxes every year to Ottawa. Mr. Parizeau projects \$3 billion in savings by ending duplication of services, like the 27 federal and 25 provincial programs in job training.

A student of the European Union, he sees a "clear lesson" there "that small countries can prosper and develop as long as they belong to a large economic market."

An independent Quebec, he says, would immediately open negotiations to join the North American Free Trade Agreement and the General Agreement on Tariffs and Trade.

## HAITI: Christopher Makes a 'Unity' Case for Force

Continued from Page 1

would, as Mrs. Albright put it Sunday, "get the message."

About 20,000 U.S. troops would be joined by a smattering of forces from 14 other nations, mostly in the Caribbean, officials have said. They would face a poorly trained and ill-equipped force of several thousand Haitian soldiers.

Mr. Christopher broadly sketched plans for the military action, saying that international

support was broadening. After a round of White House phone calls to foreign leaders, Israel said Sunday that it would offer a police unit for a multinational peacekeeping force being prepared for duty in Haiti.

The secretary of state said the Belgian, Dutch, French and British governments had agreed to some measure of participation in the peacekeeping force of roughly 6,000 troops that would take over after U.S.

## CUBA: Beaches Patrolled

Continued from Page 1

and other government employees to circulate among rafters at the beach to urge them not to leave.

While anti-government rhetoric had been common before, the small gathering of onlookers and rafters on Sunday seemed resentful in the presence of police.

"The rocks have ears. The rafters have ears. Today is not a good day to believe what you hear," cautioned a man who identified himself only as Carlos.

The police captain who would not give his name said his officers had been told to fire on anyone who makes threatening moves toward the police enforcing the ban on rafters. Previously, rafters have said that violence would erupt if the police tried to interfere.

"We are not supposed to shoot anybody ever," the police captain said. "Warning shots are allowed, but if you try to attack me, yes, I will shoot you. We will enforce the law by any means necessary, and the law says no more rafts can be transported to the beach."

Meanwhile, a tropical depression was approaching southeastern Cuba on Sunday. Weather forecasters predict high winds, rain and rough seas Sunday night through Tuesday, threatening to make raft launches after Sunday a dangerous prospect.

### Detained Cubans Protest

About 2,000 Cuban rafters confined at the U.S. Navy Base at Guantanamo Bay, Cuba, demonstrated for a second day on Sunday. Reuters reported from Washington, quoting a U.S. military spokesman.

He said the Cubans left their Camp Bulkeley complex and tried to walk peacefully toward the center of the naval station but that security forces set up blocking positions and were trying to reroute them back to camp. No incidents were reported.

About 2,500 Cubans left their compounds Saturday in a similar demonstration to protest an agreement on Friday between U.S. and Cuban officials to try to halt the exodus of Cubans to the United States. They were also protesting their detention at Guantanamo.

U.S. military guards with bayonets confronted the demonstrators, wounding one Cuban, the navy reported Saturday.

## AGENCY: Immigration Service Called 'Rude, Insensitive and Inefficient'

Continued from Page 1

when corruption cases reportedly expose glaring weaknesses in the system, the agency usually neglects to correct them.

Deportation officers seldom deport anyone. Most deportations that do occur are carried out on an honor system. Deportees are asked to report on a certain day. In New York, for example, about 4 percent actually show up.

More than 4 million aliens come to the agency each year with simple and perfectly legal requests for green cards, work authorizations or other permits, but, as one senior manager put it, "We make people suffer." At its offices across the country, immigrants stand in day-long lines leading to surly, untrained workers who often cannot answer their questions.

The investigation included interviews with more than 100 employees and visits to

agency offices in Chicago, Los Angeles, Miami, New York and San Francisco, among other cities.

The employees ranged from entry-level workers to senior officers at headquarters in Washington. Most were selected by their supervisors, presumably because the supervisors thought the employees would present the agency's best face. What the employees offered, however—what a candor that is rare in government—was a grim one.

"We have no mission, no tools, no leadership, so where are we?" complained Juan Bustos, a deportation officer in San Francisco.

Patrick E. Kane, acting director of the Phoenix office, said, "We're dabbling in everything, and we aren't really doing anything."

Robert E. Crebbs, a special agent in San Francisco, lamented, "There's overwhelming apathy from top to bottom."

"A lot of people have gone out of their way to make this a cold, rude, insensitive and inefficient agency," said A.D. Moyer, district director in Chicago. "The mentality of this organization leaves a lot to be desired."

Ruth Anne Myers worked for the agency for 33 years. Just four days after retiring as director of the Phoenix office, she reflected on the agency's latest budget crisis.

"It's a mess," she said, "and I don't know if we've ever been in a bigger mess."

All of this fosters a numbing fatalism. As a senior examinations officer in Miami put it, "No matter what we do, good or bad, it makes no difference."

## BRIDGE

By Alan Truscott

If a player lands in a doubled contract with five tricks in the combined hands, one would normally assume that he has had an accident: apparently, the bidding has gone off the rails. That was not true, however, on the diagramed deal from the Cavendish Pairs.

North and South were Chris Compton and Joe Silver. When his partner opened one no-trump, showing 15 to 17 points, South expected to reach a slam. His first move was two diamonds, a game-forcing Stayman action that has been out of fashion since transfer bids became prevalent.

He would probably have reached six clubs, a sensible contract that happened to fail. But West introduced a double of two diamonds, which should have shown length and strength in that suit. Irving now concluded that West held the diamond king, which happened to be wrong, and that slam chances had diminished, which was right. Bad breaks were now likely.

He could safely bid three no-trump, but he is an imaginative

player. He chose to redouble, judging that he could make at least eight tricks. He was proved right, for the strange contract of two diamonds redoubled was unbeatable. The defense slipped, letting him make an overtrick, and he and his partner gained 204 imps. Thirteen of the 19 other pairs bid unsuccessfully to slam contracts, and those who reached six clubs could consider themselves unlucky.

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He would probably



## CUBA:

## Beaches Put

Coastal areas and other government-owned beaches to be closed to the public in the name of the beach.

While the government has been reluctant to allow anyone to use the beach, it has been reluctant to allow anyone to use the beach.

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## EU Backs Bosnia Embargo

### Lifting Arms Ban Is a 'Last Resort'

Reuters

BANSIN, Germany — European Union foreign ministers on Sunday took their strongest line yet against a lifting of the Bosnian arms embargo, warning of "incalculable consequences" if it were to happen.

The ministers pinned their hopes for bringing an end to the Bosnian war on intensifying the isolation of the Bosnian Serbs from their former supporters in the rump Yugoslavia.

The foreign ministers also tried unsuccessfully to defuse tensions between Greece and its neighbors, Albania and Macedonia, and debated inconclusively about a possible two-speed Europe as the EU is enlarged.

Klaus Kinkel, the German foreign minister, who was host at the two-day informal talks on a Baltic island near the Polish border, said at a news conference that the Bosnian Serbs must be completely isolated.

The meeting backed an international contact group plan to offer an easing of sanctions against Belgrade in return for its agreement to post more than 130 independent international observers along the Bosnian border.

The Bosnian Serbs have rejected the contact group plan, involving Britain, France, Germany, Russia and the United States, that would divide Bosnia about equally between them and an uneasy Muslim-Croatian alliance.

The Bosnian Serb stance has led to threats by President Bill Clinton to seek a lifting of the arms embargo against the mainly Muslim Bosnian government if the Bosnian Serbs have not accepted the plan by Oct. 15.

Mr. Kinkel said UN peace-keeping troops in Bosnia would have to be pulled out if the arms ban were lifted.

"All ministers agreed that lifting the embargo would give rise to incalculable consequences," he said. "The suspension of the arms embargo should be considered only as a solution of last resort and should not be implemented until and unless we are sure that our peace efforts have failed."

Asked if ministers were convinced that President Slobodan Milosevic of Serbia had really abandoned his former Bosnian Serb allies, Mr. Kinkel said this could be judged by whether the border with Bosnia was effectively closed.



Klaus Kinkel directing foreign ministers at EU talks on Sunday. From left, Hans van Mierlo of the Netherlands, Heikki Haavisto of Finland, Javier Solana Madariaga of Spain, Kariol Papoulas of Greece and Dick Spring of Ireland.

## The Real Population Issue: Who Pays?

By Alan Cowell

New York Times Service

CAIRO — When all the sound and fury of the Cairo conference has faded to whispers, one inescapable reality will remain: money.

No matter who wins or who loses in the gathering's political jousts over abortion and homosexuality, migrants and monogamy, the real test of whether the United Nations Conference on Population and Development has made a difference will lie not just in the readiness of rich donors to produce far greater aid flows, but also in the preparedness of poor recipients to spend more of their own money to solve their problems.

As the conference foresees it, the amount the world spends on population policies will need to more than triple by the year 2000, from its current \$5 billion to \$17 billion. Of that, \$3.7 billion will come from wealthy donors and the rest from poor recipients.

Additionally, aid will be channeled through an increasingly complex network of nongovernmental organizations, international agencies and bilateral deals between governments — in other words, the world's burgeoning aid industry — to countries that, in some cases, have emerged from the rivalries of the Cold War's competing development policies in far worse shape than they entered it.

And it will be spent on a far broader concept of population control than traditional family planning programs. "We are going through a period of post-Cold War reassessment, including the question of foreign aid," said Steven Sinding, the Rockefeller Foundation's

director for Population Sciences. "And that involves a re-allocation of resources toward population and away from other areas."

To the frustration of some participants here, the Cairo gathering has focused almost exclusively on political and moral issues, most notably abortion. What has been lost from view is the underlying — some say revolutionary — message of the 113-page conference declaration: that traditional family planning services alone are no longer enough to avert catastrophic overpopulation.

Rather, if the world is to avert avert catastrophe, population policies must embrace a far wider range of services. These include education for girls, sexual guidance for adolescents and the empowerment of women to contribute to economic development.

And they embrace the relatively new and still untested notion of reproductive health — a concept defined in parts of the declaration that are still being contested as "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity."

That, as the document currently stands, includes access to safe abortion, where national laws allow, as only one of a range of health services for women that include protection from and treatment for sexually transmitted diseases, including AIDS.

"We are looking at a holistic form of quality care, a one-stop shop for women," said Rachel Kyte, an analyst with the privately funded, New York-based

International Women's Health Coalition.

Although the conference here is not technically a pledging forum, several donor countries have used it to announce spending plans: The United States, the biggest donor in the field, is to devote \$395 million in the fiscal year 1995 to population aid, a figure that is set to increase substantially toward the year 2000, U.S. officials said.

Japan is to spend \$3 billion over the next seven years. The World Bank has announced plans to spend more on population assistance. And Germany, said Michael Behrman, a senior official in the German delegation here, will spend \$2 billion over the next seven years.

At the conference, the increasing presence and influence of nongovernmental organizations — ranging from well-funded U.S. advocacy and population aid groups to Third World grass-roots organizations — is amply illustrated by the fact that the NGOs, as they are known, have their own, vast conference forum alongside the main center.

For some delegates see a central role for such organizations not only in carrying out aid programs in remote villages, but also in holding both donor and recipient governments to promises made at the conference.

If the final conference document, non-binding as it is, is to have political weight beyond the pyrotechnics of the debate here, then, many delegates say, it must function as an authoritative charter as the world seeks to contain its population from 5.67 billion today to a supposedly sustainable 7.27 billion by the year 2015.

## Pope Reminds Croats of Roots

### In Zagreb, He Talks Up Links Among Slavs

By Roger Cohen

New York Times Service

ZAGREB, Croatia — Pope John Paul II, in a speech that came close to suggesting the rebuilding of Yugoslavia, urged Croats on Sunday to use the "unbreakable ties" of culture and language that link the southern Slavic peoples as a bridge to peace and reconciliation in the Balkans.

Speaking on the banks of the Sava River during an outdoor Mass at the Zagreb racetrack, the Pope pointed to the river as an image of unity among the former peoples of Yugoslavia. The Sava, he noted, flows through Croatia, along the northern border of Bosnia-Herzegovina, and on to Serbia and Belgrade, where it meets the Danube.

"In this metaphor of the rivers we can almost see the footsteps on the way God wants you to follow in this difficult moment of history," the Pope declared, drawing sustained applause from a crowd of at least 400,000 people.

The pontiff, clad in a green vestment and clasping a crozier, said he felt nostalgia for the time "when all the believers of this region were united." He added: "Has not history created thousands of unbreakable ties between your peoples? Your languages, although different, are they not so close that you can communicate and understand each other more than the peoples of other parts of Europe can?"

His reference to language was pointed: the break-up of the former Yugoslavia, a country whose common language was Serbo-Croatian, has seen a rush to assert and magnify the slender differences between Croatian, Bosnian and Serbian as nationalist leaders have

striven to undo a shared Yugoslav heritage as fast as possible.

The Pope's expression of nostalgia for a time of greater unity in the region — which has been torn by the Croatian and then Bosnian wars since Yugoslavia's collapse in 1991 — and his repeated appeals to Croats to rediscover their links with other southern Slavs amounted to an extraordinary declaration, given the Vatican's policies toward the former Yugoslavia.

The Vatican was the last state to recognize Yugoslavia, in 1966, and one of the first to recognize the secession, on Jan. 15, 1992, of Croatia, which is predominantly Catholic. This quick recognition of Croatia has led Serbs, who are members of the Eastern Orthodox Church, to suggest that the Vatican was instrumental in Yugoslavia's dismemberment.

But the Pope's theme on Sunday was the shared heritage of the southern Slavs — Yugoslavia means land of the southern Slavs. Indeed, it seemed clear that this was the message he had hoped to deliver in Belgrade, Sarajevo and Zagreb. But the visit to Sarajevo was canceled for security reasons, and plans to go to Belgrade were blocked by opposition from the Orthodox Church.

At times the Pope even appeared to stretch historical facts in an attempt to promote reconciliation. Religious tolerance, he asserted, was part of the heritage of the region, a tradition that had survived for almost a millennium.

"No," he declared, "the phenomenon of nationalist intolerance which has swept over this region cannot be attributed to religion."

Certainly, religious tolerance was not evident during World War II, when the Fascist Croatian regime of Ante Pavelic embarked on a policy of killing of Orthodox Serbs or forcing them to convert to Catholicism.

The Serbs retaliated, against Muslims and Croats; and today they often appear to be exacting a kind of revenge for their suffering during World War II. Amid these hatreds, countless Catholic churches, Orthodox monasteries and mosques have been defiled or destroyed over the last three years.

The 74-year-old Pope, on his first foreign trip in a year, appeared frail throughout his 24-hour visit. He moved slowly on Sunday, clearly still suffering from a broken leg sustained in

April and using the crozier as a staff.

He was enthusiastically received by the crowd, many of whom traveled up from the Dalmatian coast. But there were also some misgivings over his message of southern Slavic unity in a country filled with refugees from Bosnia and from the large area of Croatia still occupied by Serbs. On Sunday, the Pope did not allude to this occupation.

"I found the Pope's ideas utopian," said Jasmina Bolfe, a teacher. "The differences now between us and the Serbs are not so easy to break. I feel European. I don't feel tied to the Balkans or to the Oriental influence that affected the Serbs."

Orthodox religious figures declined to attend the outdoor Mass, despite an invitation from the Pope, who called for a meeting of "the two Christian churches, the Eastern and the Western, which have always lived together."

The Orthodox Church has been particularly angered by the Holy See's veneration of Cardinal Alojzije Stepinac, the archbishop of Zagreb, who showed ambivalence toward the Pavelic regime, hailing it as "God's hand at work," but later condemning the excesses of the fascist Ustashe government.

## Pope Planning Philippine Trip

Reuters

ZAGREB, Croatia — Pope John Paul II said Sunday that he would visit the Philippines in January, disclosing the trip despite a marked deterioration in his physical fitness that left him walking unsteadily with a cane throughout a visit to Croatia.

Manila announced the Jan. 12-16 visit, timed to coincide with the Roman Catholic Church World Youth Day there, in May, but it had not been formally confirmed by the Vatican.

Church sources said the trip was expected to be combined with visits to Australia, Papua New Guinea and Sri Lanka during a tour of Asia lasting about 10 days.

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Netherlands	Fl. 770	40	420	230
Norway	Nkr. 2,500	36	1,300	700
Portugal	Esc. 47,000	39	25,000	14,000
Spain	Ptas. 48,000	34	26,500	14,000
Sweden (Lmst)	Skr. 55,000	34	27,500	14,000
Switzerland	Sfr. 3,100	34	1,700	900
United States	\$ 810	44	435	235
Rest of Europe or CEE	Sfr. 485	—	255	145
CEL, N. Africa, former French Colonies	Sfr. 820	—	445	235
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**INTERNATIONAL HERALD TRIBUNE**

## Israel Excited by Hint of Peace Coming From Syria

By Clyde Haberman

New York Times Service

JERUSALEM — With enthusiasm overtaking more familiar caution, senior Israeli officials said Sunday that they thought Syria meant business about wanting peace with them as long as it got back the Golan Heights.

The Israelis were reacting to a speech in Saturday by Syria's president, Hafez Assad, in which he told his Parliament that he was ready to reach a peace agreement and to make it work.

Mr. Assad repeated his standard demand that Israel must commit itself to full withdrawal of its soldiers and settlers from the heights, a strategically vital plateau that it captured in the 1967 Arab-Israeli war. But Syria, he pointedly added, "also realizes that peace has objective requirements and will meet the objective requirements that are agreed upon."

As translated Sunday in Jerusalem, that meant the aloof Syrian leader might be prepared to discuss the open borders and exchange of ambassadors that Israel says are its price for territorial concessions.

"Yesterday we have heard a declaration of peace," Foreign Minister Shimon Peres said. Other officials said that the United States, the principal broker between the Israelis and Syrians, believed that some agreement might even be signed in a few months.

Nobody here was holding his breath on that score, however. Mr. Peres and others pointed out that the two countries remain far apart on basic issues, not the least of which is Syria's demand for the entire Golan Heights and Israel's insistence

that the depth of any pullback must be negotiated.

In terms of substance, little in fact has changed after nearly three full years of negotiations conducted both face to face and, more typically, through the Americans.

But the atmospherics in recent days are notably different. In public, statements from both sides are suddenly far more cordial than they were. That has fueled speculation among Israelis that new arrangements are afoot on the heights, considered indispensable for Israeli security for 27 years.

Now their national leaders are saying that strategic considerations have changed in the post-Cold War world and in an evolving Middle East.

"I believe this is a permanent situation, a new current, and we politicians cannot stop it," Mr. Peres said at a seminar marking the anniversary, on Tuesday, of the agreement last year between Israel and the Palestinians on self-rule for the Gaza Strip and the West Bank town of Jericho.

Officials here said that Mr. Assad's speech to his People's

Assembly, coupled with his foreign minister's offer a few days earlier of a "warm peace," is part of a campaign to brace Syrians for an agreement with Israel after decades of hatred. The fact that the Syrian president spoke at all in public, let alone about peace overtures, was in itself unusual.

"The new development in this speech is that it's first and foremost a speech aimed at preparing public opinion in Syria," Itamar Rabinovich, Israel's ambassador to the United States, said on the army radio station. Mr. Rabinovich was also Israel's chief negotiator in direct talks with the Syrians that were broken off last February.

The Israeli government seems to be readying its own public as well. Last week, for the first time in public, Prime Minister Yitzhak Rabin offered a timetable for a partial Israeli withdrawal from the heights, saying without elaboration that at the start it would be "very slight." That pullback, he said, would stay in force for three years while Israel normalized relations with Syria

and tested their solidness. Then, if satisfied, Israel would negotiate further withdrawals.

According to Mr. Rabin, his model is Israel's phased withdrawal from the Sinai peninsula between 1980 and 1982 as part of its peace treaty with Egypt. Left unsaid was how that withdrawal had led to Israel's sur-

rendering Sinai to the last square meter.

On the heights, many of the 13,000 Israeli residents have stepped up their protests, saying that they are fighting not only for their homes but for Israel's security. Thousands held a rally there Saturday night.

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This Special Report is linked to the IHT Conference on "New Opportunities for Capital Spending: Transportation, Telecommunications & Energy" in Berlin on November 3-4. For further information about this Special Report, please contact Bill Mahler in Paris at (33-1) 46 37 93 78 or fax (33-1) 46 37 50 44.



# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Keep Talking to the Cubans

The immigration agreement reached Friday between Washington and Havana is a good beginning. If humanely carried out it should bring immediate benefits, including a cooling down of anti-immigrant politics in Florida, fewer drownings of Cuban rafters at sea and faster reunifications of divided Cuban-American families. But matters should not rest here.

The Clinton administration, having made its point by limiting this round of talks to immigration, should now find the courage to move on to expanded discussions on all the political and economic issues dividing the United States and its largest Caribbean neighbor.

Washington has agreed to admit at least 20,000 Cubans a year "under existing authority," in exchange for Havana's taking "effective measures to prevent unsafe departures of Cuban citizens."

What this means on the American side is that Cubans eligible for admission through family ties to U.S. citizens and residents will be moved ahead of the waiting lists applicable to eligible immigrants from elsewhere.

Such discrimination in favor of Cubans is acceptable only if it does not increase waiting times for others. The remaining Cuban slots will be filled by those with special skills, the politically persecuted and others, but not by those now being held at Guantánamo.

On the Cuban side, the agreement means Havana will discourage unauthorized departures. How this is done is crucial, since the freedom to leave one's own country is an internationally recognized human right. At a minimum, Cuba must not resume jailing those who try to leave.

Cuba has already said that it wants to expand discussions with the United States to other issues. Obviously, Havana wants relief from the U.S. economic embargo. But it has also given tantalizing hints, including discussions with opposition activists last week in Madrid, that it is willing to talk about a political transition toward multi-party politics as well.

The Clinton administration should seize the chance to explore these issues, even though that would infuriate the hard-line Miami émigrés with whom the administration has rashly allied itself.

If President Bill Clinton can now break free of this sterile embrace, he will find bipartisan support among enlightened members of Congress. As well, he could find encouragement from a newly published report that during the Ford administration Henry Kissinger sought, unsuccessfully, to move toward full diplomatic normalization with Cuba.

The United States has a clear interest in less tense, more pragmatic relations with Cuba. It also has an interest in promoting a nonviolent transition to democracy and greater respect for human rights. Those interests argue for building on last week's agreement with increased dialogue and new incentives for greater openness by the Castro regime.

—THE NEW YORK TIMES.

## Rare Words From Syria

So gradual is progress toward an Israeli-Syrian peace treaty that an inch looks like a mile. Last week, the process seemed to move ahead by two, three, maybe even four inches, a monumental leap by past standards.

For the first time, Prime Minister Yitzhak Rabin has put forward a specific timetable for the initial phase of an Israeli withdrawal from the Golan Heights. He talks of a "slight pullback" to last three years, adding that Israel expects that full and normal relations would develop with Damascus during that period.

This has the tone of an opening bid. So does the response of Syria's foreign minister, Farouk Shara, who said he saw no need for so long a trial period given the smallness of the Golan Heights. Notably missing in his remarks to a Dutch television interviewer was the ritual castigation of Israel.

As important, at an earlier news conference in London, the foreign minister said Syria wanted a "warm peace," which he was quoted as saying meant full diplomatic ties, but only after a complete Israeli withdrawal from the strategic heights. It was a promising response; words like "warm" and "peace" and "Israel" rare-

ly jostle in a single Syrian sentence.

This is further evidence that President Hafez Assad is looking for a face-saving exit from his present isolation. Syria has lost its old Soviet patron, gets little benefit from its ties with Iran, and could not prevent either the Palestine Liberation Organization or Jordan from entering into separate deals with Israel.

Moreover, Mr. Assad needs no reminder that Prime Minister Rabin's Labor Party, his best hope for a deal, faces a 1996 election that it might very well lose to the don't-give-an-inch-anywhere Likud bloc.

There is thus an incentive on both sides to make the most of this opportunity. Many Israelis, especially the settlers on the Golan, oppose any pullback from the heights. But Mr. Rabin, the very Israeli Army chief who guided the 1967 assault that seized the Golan, is the most credible advocate among Israelis of a phased withdrawal in return for a warm peace.

Secretary of State Warren Christopher has shuttled tirelessly between Damascus and Jerusalem, and he is due in Syria soon. If the Clinton administration helps bring off an Israeli-Syrian accord, it will deserve full credit for determined nurturing.

—THE NEW YORK TIMES.

## Democrats Defer Reform

This is the time in a legislative session when the U.S. Congress can kill a bill without having to vote against it. Delay and more delay usually does the trick. That will be the fate of legislation to reform the way political campaigns are financed if the Congress doesn't move to break a House-Senate stalemate this week.

This was supposed to be the Congress that responded to public anger and put its affairs in order, and there are indications that it will take some steps in that direction. There's a good chance Congress will sharply restrict the gifts senators and representatives can accept. It may pass legislation requiring Congress to live by the sorts of health, safety and labor laws it imposes on other employers.

These two steps would be good. But they do not deal with what is the most fundamental constraint on the behavior of members of Congress: the need to raise endless amounts of campaign money. For incumbents, the money comes in significant amounts from outside their states or districts, courtesy of individuals and groups with direct interests in legislation. These givers are shrewd and not overwhelmingly concerned with local or partisan allegiances; they give mostly to incumbents of both parties, which makes it hard for challengers to mount credible campaigns. That, in turn, deprives many voters of a meaningful choice at the ballot box.

No one trying to design a workable democratic system from scratch would even conceive of the strange financing arrangements that are the custom and law in Senate and House contests.

If a bill is to pass before Congress goes home for the elections, House Democrats need to agree to legislation that will be acceptable to a significant group of Senate Republicans. Senate Democrats, on their own do not have enough votes to break a filibuster. Seven reform-minded Republicans in the Senate have shown

the courage to break with their party to get a reasonable bill passed in their house. These Republicans could well go along with a compromise bill if the House Democrats agreed to limit the amount political action committees can give to candidates and end the special political committees set up by House and Senate leaders to enhance their own standing.

These compromises have been available for months. It is hard to escape the suspicion that House Democrats have avoided making them because they hoped to dump a proposal on the Senate Republicans at the last minute and then blame them for balking. If the House and Senate Democrats can work out a fair proposal over the next week or so, that will allow at least some time for refinement and give the Senate Republicans a chance to respond. If the Democrats wait much later, they will bear the burden for the defeat of campaign reform, no matter what nasty things they say about the Republicans.

—THE WASHINGTON POST.

## Other Comment

### After the U.S.-Cuba Agreement

Cuban officials have promised to take no repressive measures against would-be refugees — even those who return to Cuba. But after 35 years of bad relations and mistrust between Washington and Havana, it is understandable if many U.S. citizens, especially Cuban Americans, are dubious.

Steps that could be taken to relieve suffering in Cuba as the Castro regime implodes must be on the agenda in future U.S.-Cuba negotiations — and there indeed must be more talks to follow up on this successful start. The end clearly is near for Fidel Castro.

—Los Angeles Times.

## A Day of Pragmatic Diplomacy

By Abba Eban

NEW YORK — Diplomacy, so often accused of traditionalism, is now being ventilated by fresh winds. This is the age of "odd couples." Leaders of nations are holding civilized discourse with adversaries whom they would have putridly shunned a few years ago.

This tendency has produced a thaw in some of the most obstinate international conflicts. Behind the microphones stood Frederik de Klerk and Nelson Mandela, speeding apartheid on its overdue demise. No sooner had we rubbed our eyes at this spectacle than Yitzhak Rabin and Yasser Arafat, Shimon Peres and the PLO negotiator Nabil Shaath took their places in a similar ritual, followed by King Hussein and Prime Minister Rabin opening horizons toward a new Middle East.

The Vatican, author of the medieval expulsions, the Inquisition and the humiliating ghetto system, sent its representatives to Jerusalem to mark its reconciliation with Israel, the state of the Jews. A long saga of avoidable suffering and intolerance came to an official end.

Now come the British and Irish prime ministers, outlawing the bomb and gun and virtually legitimizing the Irish Republican Army as a negotiating partner.

This, alas, is not yet the norm of international conduct; the contrary examples have taken a tragic toll. But the strange encounters I have evoked are more than individual episodes. Diplomatic discourse is liberating itself sensationally from entrenched routine.

The common feature is the acknowledgment of negotiation as an unconditional duty, not as an option. Public opinion has no patience with the rejection of encounter. There is also no toleration of the idea that rulers have the right to appoint their own representatives and also those of their adversaries. The IRA, the Palestine Liberation Organization and the African National Congress have embraced chapters in their resumé, but so do their more empowered interlocutors.

It is more fertile to confer with radicals who represent their constituencies than with amiable

"moderates" who do not. The current Israeli leaders deserve their plaudits, but if they had accepted dialogue with the PLO earlier, many lives would have been saved. The same is true of those who spurred negotiation with the ANC in South Africa and the IRA in Ireland during the wasted years.

A novel approach to agendas goes together with a change in the principles of discourse. Negotiators used to fill their rhetoric with arguments about the origins of conflicts and the culpability for their eruption. To the new diplomacy, the question "who provoked and who responded" is marginalized. The issue is how to quench the fires.

Pragmatic compromises usurp the pride of place once occupied by exchanges of self-righteousness. This liberates diplomats.

International agencies, in particular, previously allowed the issues of origins and culpability to monopolize their agendas and to exhaust the disputants.

Today, the United Nations has joined and may even claim to have inspired the impulse and movement of the modern diplo-



By Seymour Chwast (Illustration: Seymour Chwast)

Pragmatic, if not always direct

matic age. The UN General Assembly has even expressed contrition for its previous anti-Zionist heresy. Its adoption of a joint Israeli-PLO resolution legitimizing the Middle Eastern peace process would have been even more inconceivable a year ago than any of the more publicized encounters described above.

Diplomacy can only gain in public esteem by shaking off the intrinsically insoluble arguments about virtue and conscience and concentrating on more attainable goals.

Reciprocal self-interest should be its central theme. Diplomacy should be judged by what it prevents, not only by what it initiates and creates. Much of it is a holding action designed to avoid explosion until the unifying forces of history take humanity into their embrace.

The writer is a former foreign minister of Israel and its ambassador to the United States and the United Nations. He contributed this column to The Washington Post.

## America's 'New' Policy on Taiwan Is Timid and Unimaginative

By Philip Bowring

WASHINGTON — President Lee Teng-hui of Taiwan can meet with the president of the United States, play golf with the Thai prime minister or attend the inauguration of Nelson Mandela. But as far as the United States is concerned, he cannot visit the White House, New York, for a reunion dinner at his alma mater, Cornell University.

If ever there was an illustration of how foreign policy, like so much else in the United States, can be enslaved by lawyers, it is the "new" U.S. policy on Taiwan that was announced Wednesday.

This was billed as no small deal. It was the first such review in 15 years. It was sparked partly by congressional pressure linked to the refusal to allow Mr. Lee to stop over in Hawaii en route to Costa Rica earlier this year.

But what came forth was the embryo of a mouse. Now, Mr. Lee can transit the United States, but not be so bold as to visit Cornell. U.S. officials of subcabinet level will be able to meet their Taiwan counterparts on an official basis, but not to deal strictly with economic and technical matters.

Thus, someone less than the commerce secretary can visit Taiwan, but the undersecretary of state for political and economic affairs cannot — he is "political." Taiwan's representative office in Washington can change its name, but only to the Taipei (not Taiwan) Economic and Cultural Representative Office. The United States will support Taiwan's membership in organizations, such as GATT, which do not require statehood — but that was known anyway.

Just how marginal these changes are is illustrated by the fact that even in the dying days of the Bush administration the U.S. trade representative was allowed to visit Taiwan.

Yet they have drawn predictable fire from China and led many to conclude that the administration has caved in to Beijing.

The United States has been keen to strengthen economic

links with China ever since the decision to de-link human rights and favored trade status.

It is also emerging that China, despite its apparent unwillingness to pressure Pyongyang, played a crucial role in defusing — at least temporarily — the Korean nuclear crisis.

Military contacts have been increased, and Foreign Minister Qian Qichen is to visit the United States later this month. There are legitimate short-term reasons not to offend Beijing.

But behind this is an apparent immobility in U.S. thinking at a time when Taiwan's perception of

itself, and the attitudes of others, have been changing.

The United States is at pains to say that its fundamental policy on Taiwan has not changed. It has been repeating its acknowledgment of Beijing's position that there is only one China and Taiwan is a part of China. Washington has reiterated its opposition to Taiwan's overtures to rejoin the United Nations.

Taiwan's own position has radically changed from professing to be the sole legitimate government of one China. It now claims only to be the legitimate government of that part of China which it con-

trols — and whose people elected it. And while committed to the principle of one China, it wants the world to recognize the reality of two governments. That change deserves a response from the United States rather more profound than last week's tinkering.

It has already had one in Asia from governments, such as Thailand's, which enjoy very cordial relations with Beijing. While not changing their official positions, the Southeast Asians have had the good sense not to be bound by legalisms and to receive Lee Teng-hui at the highest level, albeit unofficially.

Asian responses reflected a sympathy with Taiwan's position

without directly challenging the mainland's pretensions to be the only legitimate China.

If U.S. policy on China is to stop lurching between hectoring and groveling, it needs to bypass the lawyers as well as the ideologues and move with the times.

Taiwan policy should not be a card to be used for or against China; policy should recognize facts, not theory. The administration could have gone a lot further to recognize the current reality of one country, two states, without formally abandoning its one-China policy. That was conceived in an era of absolutes and is as relevant to the future as Deng Xiaoping.

International Herald Tribune.

## Why Cooperate With China's Unrepentant Military?

By William C. Triplett 2d

WASHINGTON — Last week a group of high-ranking Chinese army officers toured American war colleges.

As guests of the Pentagon, they were briefed on the state of the art of U.S. military technology and strategy. The visit was the forerunner of a potentially dangerous program of military cooperation with China that the Clinton administration has undertaken without informing members of Congress.

The cooperation effort was initiated last month when General Xu Huizi, deputy chief of staff of the People's Liberation Army, visited Washington.

General Xu — who was largely responsible for ordering the Tiananmen Square massacre — left just before the Commerce Department reported that China was abusing its most-favored-nation trade status by cracking down on human rights activists.

The Chinese state news agency has reported that Defense Secretary William Perry told General Xu, "China is an influential world power playing an important role in safeguarding peace in the Asia-Pacific region and

in the world." This assessment undoubtedly comes as a shock to the Dalai Lama as he contemplates the fifth decade of Chinese occupation of Tibet, as well as to Vietnam, which is reeling over China's recent claim to sovereignty over the entire South China Sea.

The Defense Department's Office of Net Assessment was

Although China faces no external security threat, it is the only declared nuclear power seriously building up its military.

probably equally surprised. It is conducting computerized war games to see how America would fare against a resurgent Chinese military 25 years hence. (The United States loses.)

Yet the Pentagon and Chinese planners are exploring high-level military exchanges, intelligence

sharing, coordinated military exercises and joint peacekeeping.

This is leading the Chinese to believe that the administration means to lift restrictions on military sales to China. Some Chinese generals even talk of a strategic coalition to "contain" Russia.

The centerpiece of the cooperative program is the U.S.-China Defense Conversion Commission, which will be inaugurated during Mr. Perry's trip to Beijing next month. The commission's supposed mission is to exchange techniques on converting military industries to civilian use.

But it is doubtful that the United States and China have had a real meeting of the minds on the commission's function.

For the United States, defense conversion implies a permanent change — swords to plowshares. In China, the profits from civilian output at defense plants are supplying the cash for new weapons technology — both guns and butter.

Another ill omen is that General Ding Hengqiao, minister of the Chinese State Commission for Science, Technology and Industry (or National Defense, will probably head the Chinese side of the commission.

General Ding supervises China's strategic weapons program and its marketing arm, Kinshidai ("New Era Corporation"), which the United States has identified as a major arms trafficker.

There may also be a hidden agenda for the Chinese. According to Nicholas Eftimiades, a civilian with the Defense Intelligence Agency, "China's most productive method of legally acquiring foreign technology is to send scientists overseas on scholarly exchange programs."

The FBI has reported that in the mid-1980s attentive Chinese scientists visiting the Lawrence Livermore National Laboratories acquired enough technology to produce their own neutron bomb. Fortunately, Congress, which

would have to supply the financing for any cooperation effort, might not be on board.

This summer more than 100 representatives from both parties co-sponsored legislation that would have raised tariffs on imports from Chinese defense-industrial trading companies like Kinshidai.

The bill was killed in the House — primarily because it was linked to other less popular tariffs — but it became clear during the debate that the Chinese army has few friends on Capitol Hill.

Congress is right to be wary. Although China faces no external security threat, it is the only declared nuclear power now seriously building up its military. A 20 percent increase is expected this year alone.

Only China is testing nuclear weapons. It is clearly bent on producing a new generation of strategic arms. The submarine-launched DF-31 missile has a range of 5,000 miles (8,000 kilometers) and will be operational within two years. The land-based DF-41, capable of reaching the United States, should be operational by the end of the decade.

China is the only country that aims nuclear weapons at the United States. It is buying every modern weapons system the increasingly desperate Russian defense industry will sell.

Relatives of the top leadership roam the world as representatives of Chinese trading companies, offering rocket fuel to Saddam Hussein of Iraq, as well as to other dictators.

Congress knows appeasement when it sees it. It should squash any coordination between the U.S. Defense Department and the unrepentant, anti-democratic Chinese military.

The writer, chief Republican counsel to the Senate Foreign Relations Committee in 1992-93, is writing a book on the Chinese military. He contributed this column to The New York Times.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1894: Cycling Vindicated

PARIS — The votaries of cycling have scored a great victory. The physical advantages and disadvantages of their favorite sport were discussed by the Academy of Medicine yesterday (Sept. 11), and the bicycle has come triumphantly out of the ordeal. Dr. Petit's memoir painted in the blackest colors the pernicious effects of wheel exercise upon the old and upon all persons suffering from affections of the heart. According to Dr. Hallopeau, moderate use of the bicycle is, on the contrary, beneficial, and can but rarely be the cause of sudden death — so rarely that it need not be considered from that point of view.

### 1919: Alarm in Warsaw

WARSAW — The Polish Government, alarmed by the social unrest, is seriously occupied with

the problem of the nation's food during the coming winter. Next winter is likely to prove an extremely difficult period for Poland, chiefly because of the economic stagnation. Its prolongation is likely to have an effect upon the Jewish situation. The Jews in Poland are now almost the only persons with money or stocks. Their position must be precarious in the midst of a great needy population of unemployed.

### 1944: Germany Invaded

ALLIED SUPREME HEADQUARTERS — [From our New York edition:] The American 1st army invaded Germany yesterday (Sept. 11), plunging five miles into the frontier from Luxembourg as Allied forces of the north and south made a historic juncture in central France, establishing a 500-mile line from the Mediterranean to the North Sea.



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Abs, Jun	75	74	102.5	7.24		
Abs, May	75	74	102.5	7.24		
Abs, Apr	75	74	102.5	7.24		
Abs, Mar	75	74	102.5	7.24		
Abs, Feb	75	74	102.5	7.24		
Abs, Jan	75	74	102.5	7.24		
Alb, Dec	75	74	102.5	7.24		
Alb, Nov	75	74	102.5	7.24		
Alb, Oct	75	74	102.5	7.24		
Alb, Sep	75	74	102.5	7.24		
Alb, Aug	75	74	102.5	7.24		
Alb, Jul	75	74	102.5	7.24		
Alb, Jun	75	74	102.5	7.24		
Alb, May	75	74	102.5	7.24		
Alb, Apr	75	74	102.5	7.24		
Alb, Mar	75	74	102.5	7.24		
Alb, Feb	75	74	102.5	7.24		
Alb, Jan	75	74	102.5	7.24		
Alb, Dec	75	74	102.5	7.24		
Alb, Nov	75	74	102.5	7.24		
Alb, Oct	75	74	102.5	7.24		
Alb, Sep	75	74	102.5	7.24		
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Alb, Apr	75	74	102.5	7.24		
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Alb, Jan	75	74	102.5	7.24		
Alb, Dec	75	74	102.5	7.24		
Alb, Nov	75	74	102.5	7.24		
Alb, Oct	75	74	102.5	7.24		
Alb, Sep	75	74	102.5	7.24		
Alb, Aug	75	74	102.5	7.24		
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Alb, May	75	74	102.5	7.24		
Alb, Apr	75	74	102.5	7.24		
Alb, Mar	75	74	102.5	7.24		
Alb, Feb	75	74	102.5	7.24		
Alb, Jan	75	74	102.5	7.24		
Alb, Dec	75	74	102.5	7.24		
Alb, Nov	75	74	102.5	7.24		
Alb, Oct	75	74	102.5	7.24		
Alb, Sep	75	74	102.5	7.24		
Alb, Aug	75	74	102.5	7.24		
Alb, Jul	75	74	102.5	7.24		
Alb, Jun	75	74	102.5	7.24		
Alb, May	75	74	102.5	7.24		
Alb, Apr	75	74	102.5	7.24		
Alb, Mar	75	74	102.5	7.24		
Alb, Feb	75	74	102.5	7.24		
Alb, Jan	75	74	102.5	7.24		
Alb, Dec	75	74	102.5	7.24		
Alb, Nov	75	74	102.5	7.24		
Alb, Oct	75	74	102.5	7.24		
Alb, Sep	75	74	102.5	7.24		
Alb, Aug	75	74	102.5	7.24		
Alb, Jul	75	74	102.5	7.24		
Alb, Jun	75	74	102.5	7.24		
Alb, May	75	74	102.5	7.24		
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Alb, Nov	75	74	102.5	7.24		
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Alb, Sep	75	74	102.5	7.24		
Alb, Aug	75	74	102.5	7.24		
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Alb, Apr	75	74	102.5	7.24		
Alb, Mar	75	74	102.5	7.24		
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Alb, Jan	75	74	102.5	7.24		
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Alb, Sep	75	74	102.5	7.24		
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Alb, Jul	75	74	102.5	7.24		
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Alb, Mar	75	74	102.5	7.24		
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Alb, Jan	75	74	102.5	7.24		
Alb, Dec	75	74	102.5	7.24		
Alb, Nov	75	74	102.5	7.24		
Alb, Oct	75	74	102.5	7.24		
Alb, Sep	75	74	102.5	7.24		
Alb, Aug	75	74	102.5	7.24		
Alb, Jul	75	74	102.5	7.24		
Alb, Jun	75	74	102.5	7.24		
Alb, May	75	74	102.5	7.24		
Alb, Apr	75	74	102.5	7.24		
Alb, Mar	75	74	102.5	7.24		
Alb, Feb	75	74	102.5	7.24		
Alb, Jan	75	74	102.5	7.24		
Alb, Dec	75	74	102.5	7.24		
Alb, Nov	75	74	102.5	7.24		
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Alb, Sep	75	74	102.5	7.24		
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Alb, Jul	75	74	102.5	7.24		
Alb, Jun	75	74	102.5	7.24		
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Alb, Mar	75	74	102.5	7.24		
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Alb, Jun	75	74	102.5	7.24		
Alb, May	75	74	102.5	7.24		
Alb, Apr	75	74	102.5	7.24		
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Alb, Jul	75	74	102.5	7.24		
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Alb, Mar	75	74	102.5	7.24		
Alb, Feb	75	74	102.5	7.24		
Alb, Jan	75	74	102.5	7.24		
Alb, Dec	75	74	102.5	7.24		
Alb, Nov	75	74	102.5	7.24		
Alb, Oct	75	74	102.5	7.24		
Alb, Sep	75	74	102.5	7.24		
Alb, Aug	75	74	102.5	7.24		
Alb, Jul	75	74	102.5	7.24		
Alb, Jun	75	74	102.5	7.24		
Alb, May	75	74	102.5	7.24		
Alb, Apr	75	74	102.5	7.24		
Alb, Mar	75	74	102.5	7.24		
Alb, Feb	75	74	102.5	7.24		
Alb, Jan	75	74	102.5	7.24		
Alb, Dec	75	74	102.5	7.24		
Alb, Nov	75	74	102.5	7.24		
Alb, Oct	75	74	102.5	7.24		
Alb, Sep	75	74	102.5	7.24		
Alb, Aug	75	74	102.5	7.24		
Alb, Jul	75	74	102.5	7.24		
Alb, Jun	75	74	102.5	7.24		
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Alb, Apr	75	74	102.5	7.24		
Alb, Mar	75	74	102.5	7.24		
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Alb, Jan	75	74	102.5	7.24		
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Alb, Sep	75	74	102.5	7.24		
Alb, Aug	75	74	102.5	7.24		
Alb, Jul	75	74	102.5	7.24		
Alb, Jun	75	74	102.5	7.24		
Alb, May	75	74	102.5	7.24		
Alb, Apr	75	74	102.5	7.24		
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Alb, Feb	75	74	102.5	7.24		
Alb, Jan	75	74	102.5	7.24		
Alb, Dec	75	74	102.5	7.24		
Alb, Nov	75	74	102.5	7.24		
Alb, Oct	75	74	102.5	7.24		
Alb, Sep	75	74	102.5	7.24		
Alb, Aug	75	74	102.5	7.24		
Alb, Jul						

[illegible][illegible][illegible][illegible]

Issue & Mnt	Price	Cn. Con.
Oct May 03	97 1/2	1.26
Oct June 95	97 1/2	0.03
Oct June 96	97 1/2	0.17
Oct June 97	97 1/2	1.17
Oct June 98	97 1/2	0.10
Oct June 99	97 1/2	0.03
Oct June 00	97 1/2	0.03
Oct June 01	97 1/2	0.03
Oct June 02	97 1/2	0.03
Oct June 03	97 1/2	0.03
Oct June 04	97 1/2	0.03
Oct June 05	97 1/2	0.03
Oct June 06	97 1/2	0.03
Oct June 07	97 1/2	0.03
Oct June 08	97 1/2	0.03
Oct June 09	97 1/2	0.03
Oct June 10	97 1/2	0.03
Oct June 11	97 1/2	0.03
Oct June 12	97 1/2	0.03
Oct June 13	97 1/2	0.03
Oct June 14	97 1/2	0.03
Oct June 15	97 1/2	0.03
Oct June 16	97 1/2	0.03
Oct June 17	97 1/2	0.03
Oct June 18	97 1/2	0.03
Oct June 19	97 1/2	0.03
Oct June 20	97 1/2	0.03
Oct June 21	97 1/2	0.03
Oct June 22	97 1/2	0.03
Oct June 23	97 1/2	0.03
Oct June 24	97 1/2	0.03
Oct June 25	97 1/2	0.03
Oct June 26	97 1/2	0.03
Oct June 27	97 1/2	0.03
Oct June 28	97 1/2	0.03
Oct June 29	97 1/2	0.03
Oct June 30	97 1/2	0.03
Oct July 01	97 1/2	0.03
Oct July 02	97 1/2	0.03
Oct July 03	97 1/2	0.03
Oct July 04	97 1/2	0.03
Oct July 05	97 1/2	0.03
Oct July 06	97 1/2	0.03
Oct July 07	97 1/2	0.03
Oct July 08	97 1/2	0.03
Oct July 09	97 1/2	0.03
Oct July 10	97 1/2	0.03
Oct July 11	97 1/2	0.03
Oct July 12	97 1/2	0.03
Oct July 13	97 1/2	0.03
Oct July 14	97 1/2	0.03
Oct July 15	97 1/2	0.03
Oct July 16	97 1/2	0.03
Oct July 17	97 1/2	0.03
Oct July 18	97 1/2	0.03
Oct July 19	97 1/2	0.03
Oct July 20	97 1/2	0.03
Oct July 21	97 1/2	0.03
Oct July 22	97 1/2	0.03
Oct July 23	97 1/2	0.03
Oct July 24	97 1/2	0.03
Oct July 25	97 1/2	0.03
Oct July 26	97 1/2	0.03
Oct July 27	97 1/2	0.03
Oct July 28	97 1/2	0.03
Oct July 29	97 1/2	0.03
Oct July 30	97 1/2	0.03
Oct Aug 01	97 1/2	0.03
Oct Aug 02	97 1/2	0.03
Oct Aug 03	97 1/2	0.03
Oct Aug 04	97 1/2	0.03
Oct Aug 05	97 1/2	0.03
Oct Aug 06	97 1/2	0.03
Oct Aug 07	97 1/2	0.03
Oct Aug 08	97 1/2	0.03
Oct Aug 09	97 1/2	0.03
Oct Aug 10	97 1/2	0.03
Oct Aug 11	97 1/2	0.03
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Oct Aug 14	97 1/2	0.03
Oct Aug 15	97 1/2	0.03
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Oct Aug 18	97 1/2	0.03
Oct Aug 19	97 1/2	0.03
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Oct Aug 21	97 1/2	0.03
Oct Aug 22	97 1/2	0.03
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Oct Aug 26	97 1/2	0.03
Oct Aug 27	97 1/2	0.03
Oct Aug 28	97 1/2	0.03
Oct Aug 29	97 1/2	0.03
Oct Aug 30	97 1/2	0.03
Oct Sep 01	97 1/2	0.03
Oct Sep 02	97 1/2	0.03
Oct Sep 03	97 1/2	0.03
Oct Sep 04	97 1/2	0.03
Oct Sep 05	97 1/2	0.03
Oct Sep 06	97 1/2	0.03
Oct Sep 07	97 1/2	0.03
Oct Sep 08	97 1/2	0.03
Oct Sep 09	97 1/2	0.03
Oct Sep 10	97 1/2	0.03
Oct Sep 11	97 1/2	0.03
Oct Sep 12	97 1/2	0.03
Oct Sep 13	97 1/2	0.03
Oct Sep 14	97 1/2	0.03
Oct Sep 15	97 1/2	0.03
Oct Sep 16	97 1/2	0.03
Oct Sep 17	97 1/2	0.03
Oct Sep 18	97 1/2	0.03
Oct Sep 19	97 1/2	0.03
Oct Sep 20	97 1/2	0.03
Oct Sep 21	97 1/2	0.03
Oct Sep 22	97 1/2	0.03
Oct Sep 23	97 1/2	0.03
Oct Sep 24	97 1/2	0.03
Oct Sep 25	97 1/2	0.03
Oct Sep 26	97 1/2	0.03
Oct Sep 27	97 1/2	0.03
Oct Sep 28	97 1/2	0.03
Oct Sep 29	97 1/2	0.03
Oct Sep 30	97 1/2	0.03
Oct Oct 01	97 1/2	0.03
Oct Oct 02	97 1/2	0.03
Oct Oct 03	97 1/2	0.03
Oct Oct 04	97 1/2	0.03
Oct Oct 05	97 1/2	0.03
Oct Oct 06	97 1/2	0.03
Oct Oct 07	97 1/2	0.03
Oct Oct 08	97 1/2	0.03
Oct Oct 09	97 1/2	0.03
Oct Oct 10	97 1/2	0.03
Oct Oct 11	97 1/2	0.03
Oct Oct 12	97 1/2	0.03
Oct Oct 13	97 1/2	0.03
Oct Oct 14	97 1/2	0.03
Oct Oct 15	97 1/2	0.03
Oct Oct 16	97 1/2	0.03
Oct Oct 17	97 1/2	0.03
Oct Oct 18	97 1/2	0.03
Oct Oct 19	97 1/2	0.03
Oct Oct 20	97 1/2	0.03
Oct Oct 21	97 1/2	0.03
Oct Oct 22	97 1/2	0.03
Oct Oct 23	97 1/2	0.03
Oct Oct 24	97 1/2	0.03
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Oct Oct 27	97 1/2	0.03
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Oct Oct 29	97 1/2	0.03
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Oct Nov 12	97 1/2	0.03
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Oct Nov 16	97 1/2	0.03
Oct Nov 17	97 1/2	0.03
Oct Nov 18	97 1/2	0.03
Oct Nov 19	97 1/2	0.03
Oct Nov 20	97 1/2	0.03
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Oct Nov 29	97 1/2	0.03
Oct Nov 30	97 1/2	0.03
Oct Dec 01	97 1/2	0.03
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Oct Dec 27	97 1/2	0.03
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Oct Dec 30	97 1/2	0.03
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Oct Jan 09	97 1/2	0.03
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Oct Feb 09	97 1/2	0.03
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Oct Feb 12	97 1/2	0.03
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Oct Feb 20	97 1/2	0.03
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Oct Feb 22	97 1/2	0.03
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Oct Feb 24	97 1/2	0.03
Oct Feb 25	97 1/2	0.03
Oct Feb 26	97 1/2	0.03
Oct Feb 27	97 1/2	0.03
Oct Feb 28	97 1/2	0.03
Oct Feb 29	97 1/2	0.03
Oct Feb 30	97 1/2	0.03
Oct Mar 01	97 1/2	0.03
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Oct May 23	97 1/2	0.03
Oct May 24	97 1/2	0.03
Oct May 25	97 1/2	0.03
Oct May 26	97 1/2	0.03
Oct May 27		

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Issue & Date	Price	Crit. Cons.
Rave! Vol 25-45	\$2	0.36
Rock 1969	100	1.13
Scifi Ann 95	979	0.02
Sullivan Ann 10	977	0.02
Sullivan Tric Feb 94	97	1.01
San Paulo Ind Jun 97	976	0.17
Sorrento C Dec 96	975	1.01
Sorrento C Mar 97	974	1.01
Sorrento Dec 95	973	1.01
Shin Dec 94	972	1.01
Shin Jan 95	971	1.01
Shin Jun 95	970	1.01
Shin Jul 95	969	1.01
Shin Aug 95	968	1.01
Shin Sep 95	967	1.01
Shin Oct 95	966	1.01
Shin Nov 95	965	1.01
Shin Dec 95	964	1.01
Shin Jan 96	963	1.01
Shin Feb 96	962	1.01
Shin Mar 96	961	1.01
Shin Apr 96	960	1.01
Shin May 96	959	1.01
Shin Jun 96	958	1.01
Shin Jul 96	957	1.01
Shin Aug 96	956	1.01
Shin Sep 96	955	1.01
Shin Oct 96	954	1.01
Shin Nov 96	953	1.01
Shin Dec 96	952	1.01
Shin Jan 97	951	1.01
Shin Feb 97	950	1.01
Shin Mar 97	949	1.01
Shin Apr 97	948	1.01
Shin May 97	947	1.01
Shin Jun 97	946	1.01
Shin Jul 97	945	1.01
Shin Aug 97	944	1.01
Shin Sep 97	943	1.01
Shin Oct 97	942	1.01
Shin Nov 97	941	1.01
Shin Dec 97	940	1.01
Shin Jan 98	939	1.01
Shin Feb 98	938	1.01
Shin Mar 98	937	1.01
Shin Apr 98	936	1.01
Shin May 98	935	1.01
Shin Jun 98	934	1.01
Shin Jul 98	933	1.01
Shin Aug 98	932	1.01
Shin Sep 98	931	1.01
Shin Oct 98	930	1.01
Shin Nov 98	929	1.01
Shin Dec 98	928	1.01
Shin Jan 99	927	1.01
Shin Feb 99	926	1.01
Shin Mar 99	925	1.01
Shin Apr 99	924	1.01
Shin May 99	923	1.01
Shin Jun 99	922	1.01
Shin Jul 99	921	1.01
Shin Aug 99	920	1.01
Shin Sep 99	919	1.01
Shin Oct 99	918	1.01
Shin Nov 99	917	1.01
Shin Dec 99	916	1.01
Shin Jan 00	915	1.01
Shin Feb 00	914	1.01
Shin Mar 00	913	1.01
Shin Apr 00	912	1.01
Shin May 00	911	1.01
Shin Jun 00	910	1.01
Shin Jul 00	909	1.01
Shin Aug 00	908	1.01
Shin Sep 00	907	1.01
Shin Oct 00	906	1.01
Shin Nov 00	905	1.01
Shin Dec 00	904	1.01
Shin Jan 01	903	1.01
Shin Feb 01	902	1.01
Shin Mar 01	901	1.01
Shin Apr 01	900	1.01
Shin May 01	899	1.01
Shin Jun 01	898	1.01
Shin Jul 01	897	1.01
Shin Aug 01	896	1.01
Shin Sep 01	895	1.01
Shin Oct 01	894	1.01
Shin Nov 01	893	1.01
Shin Dec 01	892	1.01
Shin Jan 02	891	1.01
Shin Feb 02	890	1.01
Shin Mar 02	889	1.01
Shin Apr 02	888	1.01
Shin May 02	887	1.01
Shin Jun 02	886	1.01
Shin Jul 02	885	1.01
Shin Aug 02	884	1.01
Shin Sep 02	883	1.01
Shin Oct 02	882	1.01
Shin Nov 02	881	1.01
Shin Dec 02	880	1.01
Shin Jan 03	879	1.01
Shin Feb 03	878	1.01
Shin Mar 03	877	1.01
Shin Apr 03	876	1.01
Shin May 03	875	1.01
Shin Jun 03	874	1.01
Shin Jul 03	873	1.01
Shin Aug 03	872	1.01
Shin Sep 03	871	1.01
Shin Oct 03	870	1.01
Shin Nov 03	869	1.01
Shin Dec 03	868	1.01
Shin Jan 04	867	1.01
Shin Feb 04	866	1.01
Shin Mar 04	865	1.01
Shin Apr 04	864	1.01
Shin May 04	863	1.01

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**Consolidated trading for week ended Friday, Sept. 9.**

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**Continued on Page 12**

## Capital Markets

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## CAPITAL MARKETS

### Tailoring Securities For a Difficult Time

By Carl Gewirtz

International Herald Tribune

PARIS — With bond prices in all the major markets outside Japan falling and likely to remain under pressure, bankers admit that "conditions are not ideal" to launch new issues on the international capital market. But as there is nothing on the horizon to suggest the mood will improve soon, their advice to clients who need the money is that there's not much to gain by postponing their plans.

That also means issuers need to tailor terms to be appealing. Pricing has to be seen as very fair if not generous, and the maturity needs to be shorter rather than longer.

Professional money managers report that while they are not eager to buy new paper, they are under some pressure to start investing the cash balances they have built up.

"I'm sitting with as much cash as I'm allowed: 20 percent of my assets is in cash," lamented the manager of a large German bond fund. "I've got to invest, but the duration of my portfolio is low, an average of 4.3 years."

Managers in Switzerland and the Netherlands agree on the preference for short-dated paper and express a strong bias for European bonds — preferably guilders and Deutsche marks.

Bankers also report retail demand from Switzerland and the Benelux region, while not overwhelming, is picking up after the summer holiday and focused as usual on top-rated paper.

In these conditions, bankers estimate that the World Bank's global \$1.5 billion bond offering scheduled for launch this week would do best if the maturity was set at five years.

Last week's small, two-year dollar issues from the German mortgage bank Depfa Finance, priced to yield 15 basis points over U.S. government paper, and the three-year issue from Swedish Export Credit at a pick-up of 17 basis points met a good response. But Credit Local of France, which offered a spread of only 10 basis points on its four-year issue was deemed a tad stinky.

That was also a problem in the mark sector, where only Rabobank's 300 million DM (\$192 million) of five-year notes and Sudwest LB's 300 million DM of four-year paper were deemed fairly priced and ended the week trading around the offering spreads.

Banco Santander's 2 billion French francs (\$374 million) of 10-year bonds was a long-dated exception, designed to appeal to domestic insurance companies with a yield of 8.43 percent when French government paper was yielding 8 percent.

The city of Yokohama also issued 10-year bonds, but bankers said they saw no demand outside Japan. Kobe and Tokyo are also planning to raise 10-year funds.

### EU Warns Against Letup on Deficits

Reuters

LINDAU, Germany — European Union finance ministers agree that their countries have put recession behind them but have called for vigilance to avoid repeating the mistakes of previous recoveries.

At the end of a meeting here, the ministers warned EU members against any let-up in efforts to cut budget deficits and said it was vital that wages, squeezed during recession, should not now rise too quickly.

"There was agreement that, in reducing deficits, we cannot simply rely on economic recovery but must further reduce the structural component," Germany's finance minister, Theo Waigel said at a news conference.

Ministers and central bankers agreed over the weekend that governments worldwide were still borrowing too much.

"Real long-term interest rates are very high for this early phase of recovery, underlining the continued need for action in consolidating public-sector budgets," Mr. Waigel said.

Financial markets would respond instantly to any suggestion that governments were relaxing in their commitment to fighting inflation and curbing public spending, he said.

"The slightest doubts about our orientation to policies of stability would immediately lead to higher risk premiums in interest rates and tensions on currency markets."

### Amid Rate Fears, Markets Could Get 'Nasty'

By Carl Gewirtz

International Herald Tribune

PARIS — Stay away from bonds. Beware of equities. Avoid the dollar.

That's the strategy many analysts are proposing to investors unnerved by a fear of economic growth and its impact on inflation and interest rates.

"It's difficult to get constructive about the key markets until there is a resolution to the uncertainty about where interest rates are headed," says Neil MacKinnon, a London-based analyst at Citibank.

Fear of an imminent rate increase by the Federal Reserve Board sent prices of U.S. stocks and bonds falling sharply Friday, pulling down asset prices in European markets. More of the same is expected this week.

"It has the potential to be quite nasty," warns Christopher Potts at Banque Indosuez. "There's much fear in bond markets. After such a long decline in prices and so many partic-

pants hurting, there are few investors prepared to move back in. That leaves markets vulnerable to erratic price movements."

But the consensus view is for a period of extended gloom, especially in bond markets, without things getting ugly, John Lipsky at Salomon Brothers in New York says bond markets have probably already seen the worst.

He estimates that long-term U.S. bond yields are likely to stop rising at about 8 percent, compared with Friday's close of 7.71 percent, and that yields in Europe are likely to move "somewhat higher."

Friday's sell-off was sparked by news that U.S. producer prices last month rose 0.6 percent — more than most traders had expected.

The prospect of higher interest rates — normally a boost to currency values — instead weakened the dollar. It fell 1.2 percent to 1.5374 Deutsche marks and 0.4 percent to 99.18 yen.

"The foreign exchange market is currently dominated by short-term traders who take their cue from the bond market," Mr. MacKinnon said. Rising interest rates means falling bond prices, which in turn discourage foreign inflows to U.S. asset markets, depressing the exchange rate when U.S. capital outflows remain high.

The critical issue for the U.S. market is whether the Fed needs to increase rates and if so by how much.

Adrian Cunningham, London-based analyst at Union Bank of Switzerland, argues that "the jury is still out on whether Friday's increase in wholesale prices intensifies the pressure on the Fed to increase interest rates." He sees the August consumer price index, to be announced Tuesday, and industrial capacity utilization on Friday as determining the Fed's next move. Awaiting that news, U.S. markets and the dollar "will remain weak," he warns.

The view among the leading U.S. banks is that short-term rates, currently at 4 1/2 percent, are headed higher. Goldman Sachs has the rate peaking at 5 1/2 percent next year. Citibank puts the peak at 6 1/2 percent and J.P. Morgan at 7 percent. For Morgan's analysts, Wednesday's report on August retail sales will be the week's most important data in assessing whether a significant slowdown in growth is underway.

Sushil Wadhvani at Goldman Sachs in London sees the U.S. market as obsessed by a fear of inflation. "We are optimistic on the outlook," he says. "For inflation to rise meaningfully, you need to have an increase in unit labor costs and there the outlook is quite benign."

But if Goldman has it wrong and short rates do continue pushing up to

See MARKETS, Page 11

### Beijing Plans Change In Its Pay Standards

The Associated Press

BEIJING — China announced plans Sunday to give state-run enterprises some leeway in setting workers' wages, while setting wage standards for all companies.

The change is a step toward placing an important tool in determining profitability in the hands of the often inefficient state enterprises.

It also could help combat inflation by slowing wage increases by private companies, including those with foreign ownership.

In the first seven months of 1994, salaries for urban workers at state enterprises rose 29.7 percent, to 247.83 billion yuan (\$28 billion), while salaries at privately owned and foreign-invested companies jumped 113 percent, to 16.58 billion yuan, the paper said.

Under a labor law that is to take effect Jan. 1, the government will set a minimum wage, a process to decide wage levels and special criteria for payment of overtime and other special wages. China daily said.

All companies will be expected to adhere to the standards, the report said, but companies will be allowed to provide bonuses and cost-of-living subsidies to shield their workers from inflation.

### U.S. and Japan Stay at Odds In Hunt for Trade Agreement

Compiled by Our Staff From Dispatches

LOS ANGELES — The mood between negotiators from Japan and the United States is good, but there is no narrowing of the gap on numerical trade targets in their talks on government procurement, a Japanese Foreign Ministry official said Sunday.

He said he was not sure they could settle the trade talks on Japanese government purchasing of medical and telecommunications equipment when Foreign Minister Yohei Kono meets Mickey Kantor, the U.S. trade representative, this month.

"Our minister feels that the United States now seriously wants to settle the trade talks, and I think it is a positive sign," the official said.

But he added: "I do not have an impression that the difference has been narrowed."

"We would like to settle the talks in late September, but honestly, I do not know if we could, because we do not know how our counterpart reacts," he said.

U.S. and Japanese negotiators held productive and detailed talks in Los Angeles to break their trade deadlock, said Charlene Barshefsky, deputy U.S. trade representative.

"I would say that the meetings have been productive and the discussions have been very detailed and very thorough," Ms. Barshefsky said.

The trade negotiations between Tokyo and Washington are in a critical stage before the Sept. 30 deadline that the United States has set for possible sanctions. They are primarily negotiating on opening of three trade sectors — car, insurance and government procurement.

The talks have been stagnant for 14 months, largely be-

cause of the difference in views on numerical trade targets, which the U.S. wants to guarantee an increase of its goods and services in the Japanese markets.

Tokyo has refused such targets, saying they could lead to managed trade.

Top negotiators from the two countries — Mr. Kantor, Mr. Kono and Ryutaro Hashimoto, the Japanese minister of international trade and industry, participated in the Los Angeles.

Although Mr. Kono left for Japan on Saturday, Mr. Kantor and Mr. Hashimoto remained in Los Angeles, and there may be a chance for them to have another meeting, Japanese officials said.

Mr. Kono will probably meet Mr. Kantor again Sept. 22 or Sept. 23 in Washington, aiming at a partial agreement at least, Japanese government officials said. (Reuters, AFP)

### 'Disneyland Paris' Aims To Capture City's Magic

International Herald Tribune

PARIS — What's in a name? The Euro Disneyland theme park has decided that the word "Euro" doesn't necessarily pull in the crowds. So in advertisements, marketing promotions and even highway signs, the place is increasingly referred to as "Disneyland Paris."

But the official name of the company is Euro Disney SCA and will remain that way on all corporate communications, said a spokesman, Jacques-Henri Eyraud.

"We would like to play much more than before on the connection between Disneyland and the city of Paris," Mr. Eyraud said.

The change marks a tactical retreat for the company, which initially predicted that customers would flock to its theme park hotels and perhaps make side visits to Paris and elsewhere. According to some marketing specialists, that is why the company's advertising at first placed relatively little emphasis on the theme park's relationship to Paris, which is a 45-minute train ride to the west.

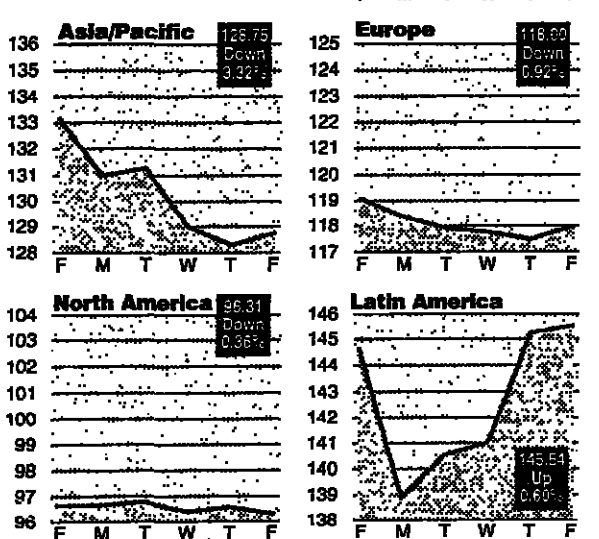
But the weak economy in Europe has kept visitors away from the resort hotels, and Euro Disney has resorted increasingly to advertising campaigns aimed at attracting residents and visitors from Paris and the Ile-de-France region around it. In winter, it offers price reductions to Paris residents.

Whether the name change has had any effect on the bottom line will not be known at least until November, when the company releases its annual results. In July, it said it had sharply cut operating costs to compensate for decreased attendance and halved its third-quarter loss to 194 million French francs (\$36 million) from 381 million francs the year before. The company does not issue daily attendance figures.

## THE TRIB INDEX

International Herald Tribune  
World Stock Index, composed  
of 200 internationally investable  
stocks from 25 countries,  
compiled by Bloomberg  
Business News.

Week ending September 9,  
daily closings.  
Jan. 1992 = 100.



Index	1994	1993	% change
Energy	116.20	113.38	+2.48
Utilities	130.18	130.26	-0.06
Finance	115.07	117.87	-2.46
Services	121.97	122.08	-0.09

The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Hong Kong, Italy, Mexico, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland and Venezuela. For Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization, otherwise the ten top stocks are tracked.

## CURRENCY RATES

Currency	Sept. 9	Sept. 8	% change
Australian dollar	1.5525	1.5525	0.00
British pound	1.5525	1.5525	0.00
Canadian dollar	1.5525	1.5525	0.00
Deutsche mark	1.5525	1.5525	0.00
French franc	1.5525	1.5525	0.00
Italian lira	1.5525	1.5525	0.00
Japanese yen	1.5525	1.5525	0.00
Swiss franc	1.5525	1.5525	0.00
U.S. dollar	1.5525	1.5525	0.00

## Silicon Valley Notebook

### Will Adobe Find Way to San Jose?

Even in the so-called era of the virtual corporation, the prestige of a corporate headquarters comes down to location, location, location. For evidence, one need look no further than recent events centering on San Jose, the largest metropolis in Northern California's Silicon Valley.

Shrugging off site closures by big-name hardware vendors including International Business Machines Corp. and Apple Computer Inc., San Jose is hoping to energize its downtown by enticing software developers, including the industry's fourth-largest player, Adobe Systems Inc., to relocate inside the city.

As bait, city officials are combining tax incentives with the promise of nearby amenities including a mass-transit hub (a surprising rarity in this congested region) and the popular San Jose Sharks hockey franchise.

The city's plans with Adobe, currently based in nearby Mountain View, are entangled, however, in a dispute over the height of the company's proposed headquarters building, which would overshadow a nearby city park.

San Jose isn't the only Silicon Valley community struggling to persuade high-tech companies to put down deeper roots. Santa Clara's local chip hero, Intel Corp., which in 1993 became the first Silicon Valley start-up to top \$2 billion in annual profit, is increasingly looking outward toward expansion plans.

The company recently announced two \$1 billion fabrication facilities, one in New Mexico and one in Arizona, shunning the higher state taxes and wage base in the Silicon Valley.

This comes as researchers, including Dataquest Inc., based in San Jose, say California is losing its lead as the largest computer-chip producing state in the country.

By the end of 1995, Dataquest analysts say, Texas's chip-manufacturing capacity could outpace that of California, for reasons including the high cost of living and aggressive moves out of state by companies such as Motorola Inc. and Advanced Micro Devices Inc., which have based manufacturing activities around Austin, Texas.

### Going Wireless in the Mail

The same elements that make Silicon Valley a pricey locale for high-tech companies are a magnet for those initiating market trials of the latest in new technology, including wireless computing.

The local cellular dealer Skyway Communications, for one, is counting on the region's

corps of technophiles to help launch a new retail concept for mobile computing. The company is transforming its dealerships into stores called Totally Wireless that carry a hybrid of traditional communications equipment, such as pagers, along with subnotebooks configured with wireless data modems.

Eventually, Totally Wireless hopes to see its franchising idea spread to more than a dozen sites by the end of 1995.

The flagship store has cropped up in a busy shopping region on San Jose's outskirts, strategically nestled next to a Blockbuster Video and Starbucks coffee shop. Mike Merrill, founder and president of Totally Wireless, said the concept was born when he set up a successful temporary operation in a shopping mall.

The test was initiated when Mr. Merrill noticed that Skyway's revenue from wireless equipment was growing 400 percent quarter-to-quarter. Now, the operation hopes to connect with customers ranging from families to businesses needing custom solutions.

"It's a new enough market, a new enough industry where the rules aren't written yet," Mr. Merrill said.

### Anyone for Virtual Pizza?

Santa Cruz, a seaside college community south of Silicon Valley heavily populated with users of the Internet, has spawned at least two novel services seeking to make a buck out of the on-line craze.

Two undergraduates at the University of California, Santa Cruz, are experimenting with the Internet Underground Music Archive. The partners, Rob Lord and Jeff Patterson, have converted sample recordings from little-known artists into electronic form and made them available to on-line browsers.

Currently the students receive a small fee from bands hoping to gain broader exposure. But ultimately they hope to negotiate a formal royalty arrangement whereby users can download songs or entire albums.

And for those who'd like a bite to eat while on line, Pizza Hut has launched an Internet pizza-ordering service. Hungry Santa Cruz cyber-citizens can send electronic mail to the Wichita, Kansas, company's main ordering system. The commands are then routed to the nearest Pizza Hut restaurant. After a test that lasts into November, the company will construct a commercial launch for the service.

Heather Clancy

## CONFERENCES, COURSES AND EXHIBITIONS

October 14	October 4, 5 & 6	Feb. 16-18
<b>Monte Carlo Business Forum</b> As part of the 10th International Fair of Monaco, the Junior Chamber in collaboration with the Board of Trade and Industry, the Montenegro Banking Association, the Real Estate Chamber, the Chartered Accountants Association and the Bar Association, invites you to attend a series of conferences on the Montenegro business opportunities. The entrance is free. Special rates for an extended weekend in Monte Carlo can be provided upon request.	<b>National Business Aircraft Association 47th Annual Meeting &amp; Convention</b> The most important marketplace for business aviation in the world, the NBAA Convention spots nearly one-third of all business aircraft sales. An impressive array of aircraft, services, supplies and accessories are displayed in attendance. Modification specialists, component manufacturers, service and support organizations are well-represented among the exhibitors. Exhibitors will fill the massive halls of the Las Vegas Convention Center with aircraft, ground support equipment, and other aircraft-related products and services. Exhibitors: 100+ Exhibitors, 100+ Exhibitors, 100+ Exhibitors. Contact: Kathleen Hall, NBAA, Washington, D.C., U.S.A. Tel: (202) 783-4282 Fax: (202) 862-5552	<b>Societies in Crisis and Mental Health</b> Leading European psychologists, sociologists, economists and sociologists will examine the mental health effects on society of unemployment, immigration and violence. Sponsored by European Social Scientists and International Organizations. Conference organizers seek socially-aware companies to develop symposia illustrating their efforts to help solve these problems. Contact: Mercure Communication International Tel: (33-1) 42 99 17 70 Fax: (33-1) 45 63 25 68
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(Continued From Page 15)

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Rank	Gene	Log2 Fold Change	Log10 P-Value
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2	Wnt1	1.60	0.00
3	Wnt1	1.56	0.00
4	Wnt1	1.56	0.00
5	Wnt1	1.56	0.00
6	Wnt1	1.56	0.00
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USN	12.17	-13	STChn	19.84
USG N	9.55	-17	STBdn	4.79
Funds:			STGbc	4.6
Monies	12.24	-09	SmbVI	14.71
Monic	12.24	-09	SmbGr	12.39
Practical	10.79	-04	Specn	10.48
Practical	10.09	-04	TxFrm	9.12
Practical	10.21	-01	TxFrm	11.61
Practical	10.19	-01	TxFrm	10.30
Practical	11.14	-07	TxFrm	1.25
Practical	11.14	-04	US Int	5.08
Practical	9.12	-07	US Long	9.57
Practical	9.72	-06	VA Fnt	10.44

Rushmore Groups		USBIT
AmGas n	11.08	-0.06
USGL n	8.80	-0.22
USInt n	8.61	-0.11
ADTF n	10.49	-0.09
VA TF n	10.74	-0.12
Rydex Funds:		
RydxVio	10.57	-0.12
OTCFd n	9.51	+0.09
PrecMetts	99.00	+0.78
Ursa n	10.04	+0.01
SBC Wldn	9.22	-0.03
SBC Wdgr	16.61	-0.16

93	33	Bond	5.82	-.07	AI
94	03	Conting	21.40	+.12	AN
95	03	Gold Gvt	9.48	+.10	S
96	05	GuSec	5.07	-.05	S
97	02	Hindal	3.98	+	Wm
98	04	Highline	8.82	-.01	C
99	04	Income	23.20	+.18	G
00		Intellit	9.94	-.08	J
01		Municip	6.99	+.07	J
02	+.13	Munib	5.17	-.04	Q
03	+.02	NwCap	11.23	+.36	S
04	+.11	Refine	7.90	-.07	S
05		ScTech	15.02	+.08	T

n	10.85	+20
n	9.87	+05
n	6.55	+05
n	10.35	+12
Summe	9.90	-17
n	12.42	-29
n	13.98	-04
n	11.59	-08
n	10.16	-05
n	12.60	-02
n	14.44	-10
n	11.36	-17

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## New International Bond Issues

Compiled by Paul Floren

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price and week	Terms
<b>Floating Rate Notes</b>						
Coventry Building Society	£100	1997	3/4	100	—	Over 3-Month Libor, Reaffirmed at 99.81, Noncallable, Fees 0.315% (Kleinwort Benson)
<b>Fixed-Coupons</b>						
Cemex	\$300	2001	9%	100	—	Noncallable, Fees 0.75%, Denominations \$10,000, (Bankers Trust Int'l)
Crédit Local de France	\$200	1998	6%	100.97	—	Reaffirmed at 99.57, Noncallable, Fees 1.4% (BFI Int'l)
DEFA Finance	\$150	1996	6%	100.98	100.80	Reaffirmed at 99.88, Noncallable, Fees 1.4% (Deiwa Europe)
Swedish Export Credit	\$150	1997	6%	100.138	100.30	Noncallable, Fees not disclosed, (Swedish Bank Corp.)
Yokohama	\$250	2004	7%	101.089	101.34	Reaffirmed at 99.41, Noncallable, Fees 2%, (Bank of Tokyo Capital Markets)
Baden-Wuerttemberg L-Finance	DM 500	1998	6%	101.445	—	Reaffirmed at 99.795, Noncallable, Fees 1.1% (Salomon Brothers Int'l)
BMW Finance	DM 250	1999	7%	102.45	—	Reaffirmed at 100%, Noncallable, Fees 2% (Dresdner Bank)
Compagnie Générale des Eaux	DM 300	1999	7%	102.16	—	Reaffirmed at 99.94, Noncallable, Fees 2% (Crédit Commercial de France)
Rabobank	DM 300	1999	6%	101.415	—	Noncallable, Fees 2.1% (DG Bank)
Southwest Capital Markets	DM 300	1998	6%	101.491	—	Reaffirmed at 99.96, Noncallable, Fees 1.5% (Morgan Stanley)
Pearson Sterling 2	£125	2004	9%	100.929	—	Reaffirmed at 99.329, Noncallable, Fees 2% (Northwest Capital Markets)
Abbey National Treasury Services	FF 2,000	1998	7%	100.835	100.56	Reaffirmed at 99.46, Noncallable, Fees 1.4% (Caisse des Dépôts & Consignations)
Argentina Global Finance	FF 1,500	1997	7%	99.73	99.40	Noncallable, Fees 0.22% (Credit Lyonnais)
Santander Int'l	FF 2,000	2004	8%	99.68	99.47	Noncallable, Fees 0.375% (J.P. Morgan Securities)
Abbey National Treasury Services	m. 250,000	1997	11%	101.055	—	Noncallable, Fees 1.4% (Swiss Bank Corp.)
Société Nationale des Chemins de Fer Français	m. 150,000	1999	11%	101.635	—	Noncallable, Fees 1.1% (J.P. Morgan Securities)
Ford Credit (Canada)	CS150	1999	9	100%	100.35	Reaffirmed at 99.325, Noncallable, Fees 1.6% (Wood Gundy)
Ireland	CS200	1997	8%	101.118	101.80	Reaffirmed at 99.93, Noncallable, Fees 1.4% (Deiwa Europe)
National Bank of Australia	Aus\$ 100	1999	9%	101.35	101.40	Noncallable, Fees 2% (Hambros Bank)
DSL Bank	¥10,000	1999	4.36	100	—	Noncallable, Fees 0.25%, Denominations 100 million yen, (Salomon Brothers Int'l)
LB Rheinland-Pfalz	¥10,000	1999	4.21	100	—	Noncallable, Fees not disclosed, Denominations 100 million yen, (Salomon Brothers Int'l)
New South Wales Treasury Corp.	¥40,000	1997	3%	99.99	—	Noncallable, Fees 0.30% (Nomura Int'l)
<b>Equity-Linked</b>						
Commerce Asset Holding	\$100	2004	open	100	—	Semiannual coupon indicated at 1% to 2%, Redeemable in 1997 to yield up to 0.50 over Treasuries, Convertible at an expected 5 to 9% premium, Fees 2.5%, Terms to be set Sept. 14, (Barings Brothers & Co.)
Unidam Corp.	¥10,000	1998	3/4	100	—	Semiannually, Noncallable, Convertible at an expected 25% premium, Fees 2.5%, Terms to be set Sept. 14, Denominations 5 million yen, (Deiwa Europe)
Telekom Malaysia Berhad	\$350	2004	3%	100	—	Semiannually, Convertible at expected 10% to 12% premium, Fees 2.5%, Final terms to be set Sept. 22, (CS First Boston)

## Bond Markets Set for Week of Inflation Uncertainty

NEW YORK — The inflation data shock is expected to continue for credit markets this week, with the August consumer price index report probably adding to the pressure on the wholesale price figures.

"All next week is kind of fraught with uncertainty, and

## U.S. CREDIT MARKETS

any number could jerk the market around," said Joe LaVorgna, analyst with UBS Securities in New York.

U.S. government bonds posted their largest weekly losses since February after the Commerce Department reported that prices paid to farmers, factories and other producers rose 0.6 percent, more than expected.

Evidence of economic strength sparked fear among investors that the Federal Reserve Board might move sooner rather than expected to raise U.S. interest rates to contain inflation.

Bond yields, which move in the opposite direction of prices, jumped to 7.71 percent for the 30-year benchmark bond on Friday.

The producer price report suggested an accelerating rate of inflation, which would make bonds and other fixed-income securities less attractive to investors.

"It definitely got the adrenaline pumping," said Kenneth A. Fahrman, a bond portfolio manager at SunAmerica Asset Management in New York.

"The market sank like a stone and then wasn't very liquid. You lost a full point in a nanosecond," he said.

When yields are at attractive levels, it is hard to find a "natural buyer" until the economy shows convincing signs of slowing and the market thinks the Fed is through raising interest rates for the time being, said Robert Schumacher, chief fixed-income strategist for Kemper Financial Services.

"You've got to find buyers who think the worst is out of the way in terms of the Fed and the economy," he said.

Until the market is convinced that investors will continue to stay on the sidelines, while

speculators and dealers continue to follow a bear market.

The market's response to the producer price number was pretty decisive, said Peter Kretzmer, analyst for NationsBank Capital Markets in New York. But if the consumer price report for August, scheduled for release Tuesday, is higher than expected, "I think we have room to extend the losses," he said.

Paul Kasriel, economist at Northern Trust Co. in Chicago, said that unless the consumer price index was "really low, I don't see any reason for the market to rally from these levels."

Some investors said they had changed their expectations

about inflation after the producer-price report.

"Three weeks ago, you could paint the picture either way," said Jerry Thunelius, bond manager funds at the Dreyfus Corp. Given the producer price figures, "you start to build the case that inflation is rearing its head," he said.

Some analysts have raised their forecast for the consumer price index to up 0.5 percent from up 0.4 percent.

August retail sales on Wednesday and industrial production and capacity utilization reports on Friday also should give clues on whether the economy is strengthening and encouraging inflationary pressures.

Other closely watched inflation indicators will be the Philadelphia Federal Reserve's monthly economic survey and the Federal Reserve Board's tan book for the central bank's economic perspective.

Even if the market is fairly stable most of the week, industrial production could be the straw that finally breaks it.

"Our economy's getting close to capacity, and you start to have these price pressures passed on," said Andy Barnett, a portfolio manager for Global Advisers in Newark, New Jersey.

But some say that by the time the capacity report comes out Friday, prices will have fallen as far as they are going to for the time being.

Many traders and investors said another U.S. rate increase would not come before the Nov. 15 meeting of the Federal Reserve's policy arm, the Federal Open Market Committee.

Whether the Fed decides to raise rates before November will depend on the economic reports of the next few weeks, said Sam Kahan, financial economist at Fuji Securities in Chicago.

"If we get continued indications that the economy is not slowing down, then they'll move earlier," Mr. Kahan said. "If we see signs that things are kind of waffling a little bit, then they may wait."

(Knight-Ridder, Bloomberg)

## The Week Ahead: World Economic Calendar, Sept. 12 - 17

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

## Asia-Pacific

Sept. 12 Melbourne Treasurer Ralph Willis to address the Committee for the Economic Development of Australia. Sydney Reserve Bank of Australia key money supply measure for July. Sydney Treasury Secretary Ted Evans to address Sydney Institute.

Sept. 13 Melbourne Campbell Anderson, managing director of mining group North Broken Hill, to lead management team discussion on company restructuring at Securities Institute.

Sept. 14 Tokyo Japan Development Bank to release survey of capital investment. Wellington August 1000 price index.

Sept. 15 Tokyo Japan Development Bank to release survey of capital investment. Wellington August 1000 price index.

Sept. 16 Tokyo Japan Development Bank to release survey of capital investment. Wellington August 1000 price index.

Sept. 17 Tokyo Japan Development Bank to release survey of capital investment. Wellington August 1000 price index.

Sept. 12 Madrid Spanish August unemployment. Frankfurt Western German July retail sales. German August wholesale prices.

## Europe

Sept. 12 Madrid Spanish August unemployment. Frankfurt Western German July retail sales. German August wholesale prices. Madrid Spanish August consumer price index. August producer price index. Amsterdam Dutch July producer price index. August unemployment.

Sept. 13 Paris CIE Bancassurance first-half earnings. London Canadian PLC reports first-half earnings. Kingfisher PLC reports first-half earnings.

Sept. 14 London U.K. August retail prices. August unemployment. July average earnings. July unit wages - 3 month.

Sept. 15 Frankfurt Bundesbank central council meeting. Helsinki Finnish August consumer price index.

Sept. 16 Stockholm Swedish August consumer price index. Amsterdam Royal Dutch Petroleum Co. to announce first-half dividend.

Sept. 17 Stockholm Swedish August consumer price index. London U.K. August public-sector borrowing requirement.

## Americas

Sept. 12 Greenville, N.Y. Executives of General Electric Co.'s Kidder, Peabody & Co. unit are expected to open two days of meetings on the future for the financial subsidiary.

Sept. 13 Melbourne Winn Davies, managing director of nickel producer OHI Ltd., to address Securities Institute of Australia.

Sept. 14 Sydney Treasurer Ralph Willis to address the Committee for the Economic Development of Australia.

Sept. 15 Melbourne Winn Davies, managing director of nickel producer OHI Ltd., to address Securities Institute of Australia.

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## SHORT COVER

## Australia Ship Workers Ease Strike

SYDNEY (AFP) — Striking ship workers relaxed their stranglehold on Australia's ports Sunday as their nationwide action entered its fourth day, leaving an estimated 180 ships still stranded.

Ship owners said the Maritime Union of Australia had exempted some vessels from the action, providing them with hope that a meeting between strikers and Prime Minister Paul Keating could solve the dispute Monday.

## Brazil to Sell More Stockpiled Coffee

RIO DE JANEIRO (Bloomberg) — In an effort to curb inflation, the government will release 196,000 stockpiled bags of coffee for sale, the country's economics minister has said.

World coffee prices have risen to eight-year highs following frosts in June and July, and the government has sold 2.204 million 60-kilogram bags of coffee kept in state warehouses as part of an effort to keep prices down in Brazil. Globo TV quoted Economy Minister Ciro Gomes on the new sale. Brazil is the second-largest coffee consuming country in the world after the United States.

## China Claims 40% of Shoe Market

BEIJING (Bloomberg) — China, which produced about 4 billion pairs of shoes last year, now accounts for 40 percent of global production, the official China Daily reported.

It quoted an unidentified Chinese official as saying that there was an urgent need for the country's shoe manufacturers to improve quality in the face of rising competition from South Korea, Thailand, Indonesia and Brazil.

## Schneider Said to Be in Iran

FRANKFURT (Bloomberg) — The real estate magnate Jürgen Schneider, whose disappearance last spring led to the collapse of one of Germany's biggest property empires, is hiding in Iran, the daily Bild reported.

Quoting the country's highest judge, Ayatollah Jafar, the newspaper said Iran may be willing to extradite Mr. Schneider, who is sought in Germany for credit fraud.

## McDonald's Expansion Due in China

BEIJING (Bloomberg) — McDonald's plans to open 10 more hamburger restaurants in Beijing next year and several more outlets elsewhere in China, a company official said in an interview with China Daily.

## For the Record

American Express Co. will announce on Monday that it has agreed to acquire large chunks of the Thomas Cook Group Ltd., greatly expanding its share of the worldwide travel business, people close to American Express said. (NYT)

## CASE: New York Is Investigating Metallgesellschaft

Continued from Page 1

heart of the Metallgesellschaft oil-related loss.

The agreed deal calls for Metallgesellschaft to transfer its 40 percent stake in Castle to the company itself, and to assume \$290 million of Castle's debt, according to Andreas Martin, a Metallgesellschaft spokesman in Frankfurt. Asked about the New York investigation, Mr. Martin said Friday: "I don't want to comment at the moment."

No charges have been filed, but one source close to the investigation said it was "seeking to ascertain whether fraud or other crimes were committed by any of those involved."

The Morgenthau investigation means the Metallgesellschaft case, which led to one of the largest losses in the controversial derivatives sector, is now the focus of prosecutive interest on both sides of the Atlantic. The Frankfurt state prosecutor's office already has its own investigation under way.

The inquiry by Mr. Morgenthau's office could subject the players involved in the Metallgesellschaft affair to even broader scrutiny and, if charges are brought, to penalties under U.S. law.

In addition, U.S. central banking officials are known to be reviewing the case to see whether regulations need to be tightened on foreign banks doing business in the United States.

It has emerged that officials from the Federal Reserve Bank of New York have approached Deutsche Bank for further information about the sequence of events that led to the discovery of the liquidity crisis at MG Corp. in early December.

John Rolfs, president of Deutsche Bank North America, said in an interview that he was unaware of any contacts between U.S. central banking officials and his institution. He also said he had asked his legal department whether it had been contacted in connection with Mr. Morgenthau's investigation

## MARKETS: More Volatility Seen

Continued from Page 9

7 percent, "then the markets have a problem," Mr. Wadsworth adds.

Bond prices move inversely to interest rates, and stocks weaken due to the increase in financial costs and the likely decline in overall demand. The dollar is a likely beneficiary of higher interest rates, but only when they have risen — not while they are rising.

The linkage of developments in the U.S. market to conditions in Europe is partly psychological. The U.S. recovery is about two years ahead of Europe's, and the fear is that what is happening there will be coming here. There is great uncertainty about whether the Bundesbank's next move will be one more cut in interest rates this year or an increase next year.

Meanwhile, the unexpected speed of the economic recovery now under way on the Continent is kindling fears that an increase in private demand for credit when budget deficits are still quite large means interest rates have to rise.

That is a big worry because real long-term rates in Europe are already high. Paribas Capital Markets estimates real 10-year yields based on assumed 1995 inflation at 4.28 percent in the United States, compared with 4.75 percent in Germany, 6.52 percent in France, 7.03 in Denmark, 8.56 percent in Italy and 8.6 percent in Sweden.

A further increase in real European rates, says Mr. Potts of Indosuez, "could have very negative consequences" for growth prospects and therefore equity prices.

"That's a risk," agrees John Lipsky at Salomon Brothers in New York. But with yields on

European bonds "already so far beyond what's consistent with the outlook for falling inflation, any additional upward pressure on yields should be limited and not damaging to 1995 growth prospects."

Peter Oppenheimer at James Capel in London is even more sanguine. He sees last week's drop in stock prices as nothing more than "a knee-jerk reaction."

The government also adopted a bill to impose a 10 percent tax on profits from sales of stock. Officials said revenue from the stock tax would offset the anti-inflation plan's tax reductions.

The stock tax, which caused an uproar and a temporary market plunge when first announced last month, must pass Parliament before taking effect Jan. 1.

The Bank of Israel's governor, Yacov Frenkel, said the steps should reduce inflation from the current 15 percent a year to as low as 8 percent next year. But he warned the effect would not be felt for months.

## Euromarts At a Glance

	Sept. 9	Sept. 12	Yr. high	Yr. low
U.S. 3-month term	7.25	7.25	7.25	6.25
U.S. 6-month term	7.50	7.50	7.50	6.50
U.S. 9-month term	7.75	7.75	7.75	6.75
U.S. 12-month term	8.00	8.00	8.00	7.00
French 3-month	8.00	7.98	8.00	5.87
French 6-month	8.25	8.25	8.25	6.18
French 9-month	8.50	8.50	8.50	6.43
French 12-month	8.75	8.75	8.75	6.68
ECU 3-month	8.25	8.25	8.25	6.18
ECU 6-month	8.50	8.50	8.50	6.43
ECU 9-month	8.75	8.75	8.75	6.68
ECU 12-month	9.00	9.00	9.00	6.93
Yen	4.65	4.65	4.65	2.87

Source: Luxembourg Stock Exchange.

	Sept. 9	Sept. 12	Yr. high	Yr. low
Strasbourg	105.30	105.30	105.30	78.30
Convent	34.50	34.50	34.50	12.40
FRS	34.50	34.50	34.50	12.40
BCP	478.00	478.00	478.00	398.20
Telcel	5,128.00	5,128.00	5,128.00	4,757.40

	Sept. 9	Sept. 12	Yr. high	Yr. low
Strasbourg	7,704.30	7,704.30	7,704.30	22,418.30
Convent	353.20	353.20	353.20	1,258.40
FRS	5,047.40	5,047.40	5,047.40	2,000.40
BCP	5,811.10	5,811.10	5,811.10	2,194.00
Telcel	18,382.30	18,382.30	18,382.30	48,444.30

Source: Euronext, Celex.

	1-month	3-month	6-month	1-year
U.S. 3-month	4%	4%	4%	5.25%
Deutsche mark	4%	4%	4%	5.25%
French franc	5%	5%	5%	6.25%
ECU	5%	5%	5%	6.25%
Yen	2.75%	2.75%	2.75%	2.5%

Source: Livros Bank Reuters.

Today, Gaz de France imports, transports, stores and distributes natural gas all over France.

To do this, Gaz de France calls on the four major suppliers to Europe: Russia, Algeria, Norway and the Netherlands, which provide 90% of the French market.

via sea transport and pipelines. Within France, the natural gas transmission and distribution network covers more than 150,000 km, supplying over 5,000 municipalities and 25 million consumers.

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**Gaz de France, a company of many talents.**



*This Southeast Asian archipelago is set to make an economic leap. Its historical ties to Europe and the West give the Philippines a unique position in the Asia-Pacific region — one that offers advantages to investors both at home and abroad.*

## BIDDING TO BECOME THE NEXT 'TIGER'

*Fresh winds are blowing in the Philippine economy.*

Philippine President Fidel Ramos is taking his country on a five-nation European road show. His message: "We're back in business in the heart of Asia."

The Philippines is emerging from a decade of crisis. A former colony of Spain and the United States, it was knocked out of the Asian industrialization race in 1983 by debt and political turmoil. Virtually flat growth last year reversed to 4.8 percent in the first quarter this year, and it is expected to go over 5 percent by the year's end. After scores of debt rescheduling arrangements, the country has regained its credit standing. Political stability is apparent now, eight years after a military revolt and urban uprising toppled the dictatorship of Ferdinand Marcos. The power shortage has been dealt with.

### Part of the Asian boom

Philippine leaders, armed with voluminous charts showing sustainable investment-led expansion trends, are now aggressively pushing for more business and trade. They have liberalized foreign investment regulations and removed currency controls in order to catch a fair share of capital flows now bound for the booming Asia-Pacific region.

"It's our turn," says Mr. Ramos, stressing the country's renewed bid to become Asia's next "tiger" economy.

Last year, the country re-entered the international capital market for the first time in a decade, raising more than \$1 billion in bond issues. In state visits to neighboring Asian countries, Japan, China and the United States, Mr. Ramos has received investment pledges of up to \$4 billion. Investments rose 19 percent in the first half of the year, compared with only 5.2 percent last year.

### Strategic assets

The Philippines is positioning itself as a gateway to the Asia-Pacific region, highlighting its strategic location and skilled, English-speaking work force. Former U.S. military bases and industrial estates south of Manila are providing development pockets equipped with modern infrastructure. The government is turning these into free ports and offering them to early investors as a manufacturing base or regional headquarters.

Given the country's relatively small market base, Philippine executives have hitched their vision to the ASEAN Free Trade Area and, it is hoped, a one-Southeast-Asia union operating under a new world trading organization.

With regional barriers down, leaders believe the country's prime assets — its liberal democracy and hospitable island culture — will shine.

### Investors welcome

Through the past three decades of seeming economic and political drift, manufacturing was slowly replacing traditional agricultural production; a slow and painful industrialization process was inexorably under way, displacing populations and creating congested new urban centers.

Today, the catching-up process is urgent: the country's infrastructure needs are massive. The Philippines' medium-term development plan estimates an outlay of at least \$25.5 billion to bring down poverty levels currently estimated at between 48 percent and 30 percent. Unemployment this year has averaged 9.8 percent; underemployment is estimated at 20.9 percent.

With public deficits still high, government strategy has focused on opening up public works to private investors through a unique build-operate-transfer scheme. For high-priority infrastructure projects, investors are allowed access to

official development assistance. The idea, says Mr. Ramos, is to "turn our inadequacies into growth opportunities."

The government hopes to raise half of its priority infrastructure outlay from official development assistance and concessional loans. At a pledging session in Paris last July, a multilateral consultative body reaffirmed such a pipeline, amounting to \$8.5 billion.

At home, Mr. Ramos has just won a difficult legal battle to push through new taxes and revenue-raising schemes. His legislative agenda is aimed at boosting exports and investments.

**Revamping the structure**  
Reforms designed to transform the long-protected economy into an open, export-oriented one have not always been popular in the legislature and the press.

"The most crucial structural reforms, however, have already gone through," reports the economic planning secretary, Cielito Habito. He

points to the big 15 percent jump in export receipts last year as proof that the dismantling of monopolies, lifting of foreign-exchange controls and liberalization of imports has already begun to bear fruit. Seventy percent of exports are now manufactured goods, mostly electronics and garments.

Imports of consumer durables and equipment surged 24 percent last year. Planners hope to see exports growing 25 percent to 28 percent by 1998 to ease the trade gap.

Service exports, particularly remittances from over 600,000 Filipino overseas workers, mostly domestics and construction workers, brought in over \$1.7 billion last year. Trade Secretary Rizalino Navarro says the remittances are "a unique safety valve for the economy at the moment," but adds that the manpower drain is not something the government would like to see continuing.

Mr. Ramos has retained good popularity ratings and

recently formed an alliance with the biggest opposition bloc in the Senate to push his reform agenda, which includes the ratification of the Uruguay Round of the General Agreement of Tariffs and Trade.

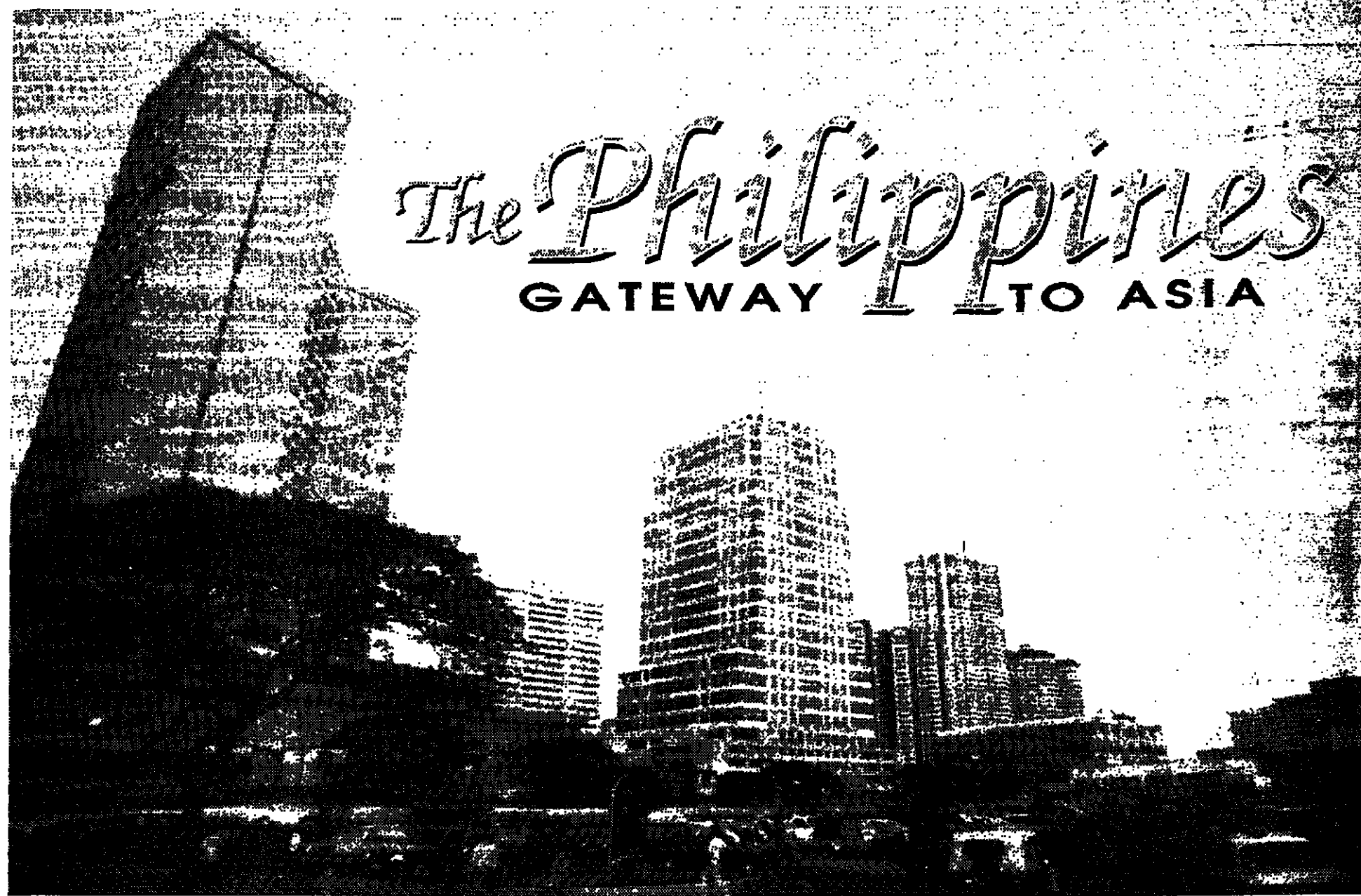
### Votes of confidence

"The conditions for achieving sustainable growth are now firmly in place," said financial analysts Solomon Brothers in an assessment paper on emerging markets entitled "The Philippines: Ready to Compete."

"Go towards the light," advised analysts of Britain-based investment bank Barclay de Zoete Wedd in a first-quarter Pacific investment focus report, which forecast accelerating growth, increasing domestic consumption, narrowing trade deficits, decreasing currency risk and moderating inflation and interest rates in the Philippines.

"Poised for take-off," predicted investment bank CS First Boston.

Monica Feria



## INVESTMENT GOES TO BIG PROJECTS

*Infrastructure and utilities are investment targets.*

Investments in the Philippines surged 19 percent during the first quarter of this year, compared with only 5.2 percent last year. Trade and Industry Secretary Rizalino Navarro, pleased with signs of renewed confidence in the Philippine economy, says that registered investments of between \$8 billion and \$9 billion in the first five months of the year already total two and a half times more than those for all of 1993 (\$3.5 billion).

Of this amount, foreign investments accounted for about \$1.5 billion, a threefold increase over the same period last year. Over \$1.1 billion of these inflows came through the country's resurgent stock market.

The bulk of direct investment flows, about 58 percent, went to infrastructure and utilities, primarily power plants. A big \$2 billion coal power project led by Hong Kong-based Hopewell Holdings Ltd. put this newly industrialized neighbor in the forefront of Philippine investors this year. Other big-ticket items include a polypropylene project with the Japanese Mitsui Company, a refined petroleum project with Thai Petrochemical Industries and a big naphtha cracking plant with J.G. Summit Holdings, a joint local and foreign consortium. In general, the biggest foreign investors are still the United States, with 24 percent, and Japan, with 22 percent. Singapore, South Korea and China hold 10 percent to 11 percent each of the foreign investment pie, with the European Union representing 14 percent.

### Build-operate-transfer

Infrastructure and utilities will likely remain the lead investment sectors in the medium term. The government's build-operate-transfer (BOT) scheme has been pivotal in putting together 37 "fast-track" and base-load power projects worth between \$7 billion and \$8 billion, many of them joint ventures with foreign companies.

The World Bank has cited the Philippines' BOT scheme as possibly the most successful in the world. The scheme aimed at mobilizing private investments into traditionally public-utility domains has already been expanded to include such variations as BOO (build-own-operate), BLT (build-lease-transfer), BTO (build-transfer-operate), ROM (rehabilitate-operate-maintain) and others.

### Creating island networks

Executives now want to emphasize telecommunications and transport in order to boost links among less-developed islands and encourage industry dispersal to areas outside congested Manila. Domestic shipping has just been deregulated.

Out of 176 identified priority infrastructure projects, a shortlist of 17 projects is being pushed. Among them: expressways linking Manila with regional industrial centers, elevated metro rail lines, an airport cargo terminal, train line rehabilitation, water supply systems, a southern tourist resort and three industrial estate development projects in the southern island of Mindanao. M.F.

## THE EUROPEAN CONNECTION

*Europe is one of the Philippines' main targets for increased trade and investment.*

President Fidel Ramos is currently on another of a series of trips to raise the Philippines' profile among potential investors, this time in Europe. To a large extent, he will be preaching to the converted.

According to the figures released by the Bangko Central ng Pilipinas (Central Bank), Europe was already the largest single source of direct investments in the Philippines in 1993, more than all other foreign investors combined. Direct investments amounted to \$188 million, a fivefold increase from 1992, exceeding both the \$75 million from Japan and the \$35 million from the United States.

**Room for improvement**  
There is still a lot more room for growth, especially com-

pared with its Asian neighbors. Thailand, for example, attracted four times as much investment from European Union companies, while Indonesia got more than twice as much as the Philippines.

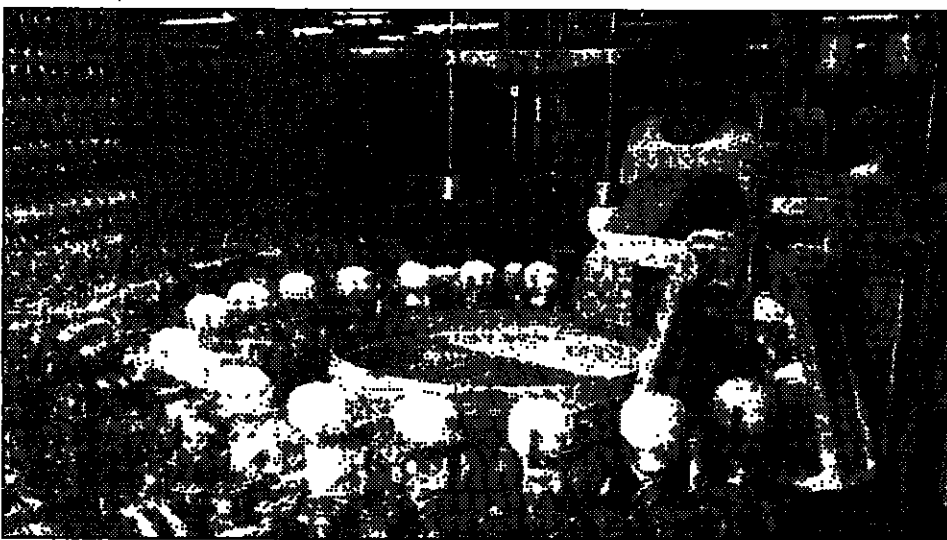
In the same way, statistics from the Department of Trade and Industry show the EU single market continuing as the second-largest export destination for the Philippines, taking 17 percent of Manila's exports, totaling \$1.97 billion, last year. Philippine exports add up to only one-third of Thai exports to the EU.

### Key advantages

Manila also has to contend with competition for European investments from countries like China and Vietnam, where tremendous growth potential is seen.

Nonetheless, many remain bullish on the Philippines. "The thrill will wane sooner or later, as European investors find it harder to communicate in non-English-speaking countries," predicts Executive Vice President Henry Schumacher of the European Chamber of Commerce of the Philippines.

Indeed, English-speaking skilled labor — despite costs slightly higher than elsewhere in the region — is one of the Philippines' key advantages. That, coupled with growing political stability, the absence of the long power outages that plagued Manila last year and a willingness to allow 100 percent foreign ownership in more and more sectors, has played a large part in encouraging even a Europe just recovering from recession to invest



European companies like Philips are manufacturing in the Philippines.

in this newly emerging market.

### In on the ground floor

Infrastructure development, especially, beckons investors. Manila has opened up the doors to the telecommunications business; it still needs more power plants;

and it wants to modernize its airports and harbors.

The message has clearly been heard by many. More than 100 European companies and joint ventures can be found among the top 1,000 firms in the country. Some of the larger investments have been made by

companies like Shell, Philips, Nestlé, ABB, and Siemens, Rhône-Poulenc, BASF, Temic Telefunken, Unilever, Astra, Bayer, Roche, Hoechst and Ciba-Geigy. After this trip, Mr. Ramos will be hoping that more will join the list. Agnes Chua

## PRESIDENT RAMOS ON TRADE, FOREIGN RELATIONS AND THE FUTURE

*A West Point-trained general and engineer, President Fidel Ramos has vowed to lead his country to modern, industrialized status by "leapfrogging to the 21st century."*

**What is your vision of the Philippines' role in the Asia-Pacific region?**

We are seeing the Philippines as the gateway to the Asia-Pacific region. The Philippines is strategically positioned geographically — we are at the crossroads of the South China Sea and the Pacific Ocean. However, our strategic advantages are not limited to geography. We do have ancient commercial and cultural links with all of the countries in the Asia-Pacific community, even political associations which date back many, many years. We are quite proficient in the English language, the language of international business. We can also claim to have a talented and very highly skilled labor force, up to the highest managerial and executive positions. These are the advantages that we must exploit as we move into the 21st century. We are for pursuing a strategy where this mix of geographical centrality, abundance of human talent

and abundance also of natural resources is brought into full play.

**Asian nations have successfully pursued similar export-oriented drives for industrialization. Do you have a model for your country's modernization?**

We are not following any special model, but are setting standards for ourselves. With regard to attaining the status of a newly industrialized country, our goals are modest up to the end of my term in 1998. But we must attain these goals so that we can move to the year 2000 in a competitive mode. First, a per capita income of at least \$1,000. Next, the reduction of poverty from about 45 percent, where it is now, to maybe 25 percent. And third, an average growth rate in the economy of from 6 percent to 8 percent. But in some sectors, we can leapfrog into the so-called third stage of modernization. There's our agricultural sector — the society is

still very much into that. As for the second stage, the industrialized stage, quite a significant portion of our population, as well as our territory, is already into that. But we need not go entirely into the second stage before we go into the third stage, which is knowledge and information technology. The more advanced among us, such as those in Metro Manila, the Calabar zone [an industrial corridor south of Manila] and Cebu [the second-largest city] can get into high technology or the so-called third stage quite readily. In fact, we have already prepared a paper on this which will lead to an action plan very soon. We call that paper "Leapfrogging into the 21st century."

**You are one of the leaders pushing for "one Southeast Asia." How close to reality is this initiative?**

We have hosted a couple of important think-tank conferences to move

forward Southeast Asia 2000. That is, of course, only the slogan. It is not a schedule per se. There appears to be consensus with regard to what is called ASEAN-plus-four, meaning the six ASEAN countries [Malaysia, Indonesia, Thailand, Singapore, the Philippines and Brunei] plus Laos, Cambodia, Burma and Vietnam. But that will still take a lot of doing. Meanwhile, the Philippines is faithfully fulfilling its commitments under the ASEAN Free Trade Area plan. The Philippines and Indonesia have the biggest number of line items that will have to be removed gradually from tariff protection.

**What do you expect to achieve on your European visit?**

This visit to selected European countries is a response to the European Union's strategy to strengthen its presence in Asia. We would like Europe to see the Philippines more positively 100

years after we gained our independence from Spain — the centennial will be in 1998. We want to strengthen bilateral relations with the five countries we will initially visit. Of course, another destination is the Vatican. We have been exchanging letters with the Holy Father in regard to various issues, especially the population issue.

**You often refer to the country's emergence from under America's wing. How do you view the prospects and problems of this process?**

I made very clear in my inaugural speech [in 1992] that we shall develop a new kind of relationship with the United States, based on trade and economic cooperation and not aid. Since then, I have been reinforcing this initiative in regard to the conversion of the former U.S. military bases Subic and Clark into economic growth centers. We have invited the Americans to be-



come significant investors! Fortunately for us, the United States has continued to grant us trade preferences. And of course the Asia-Pacific Economic Conference was hosted last year by President Clinton. There is an opportunity for us to strengthen this relationship even more with his state visit here in or about November.

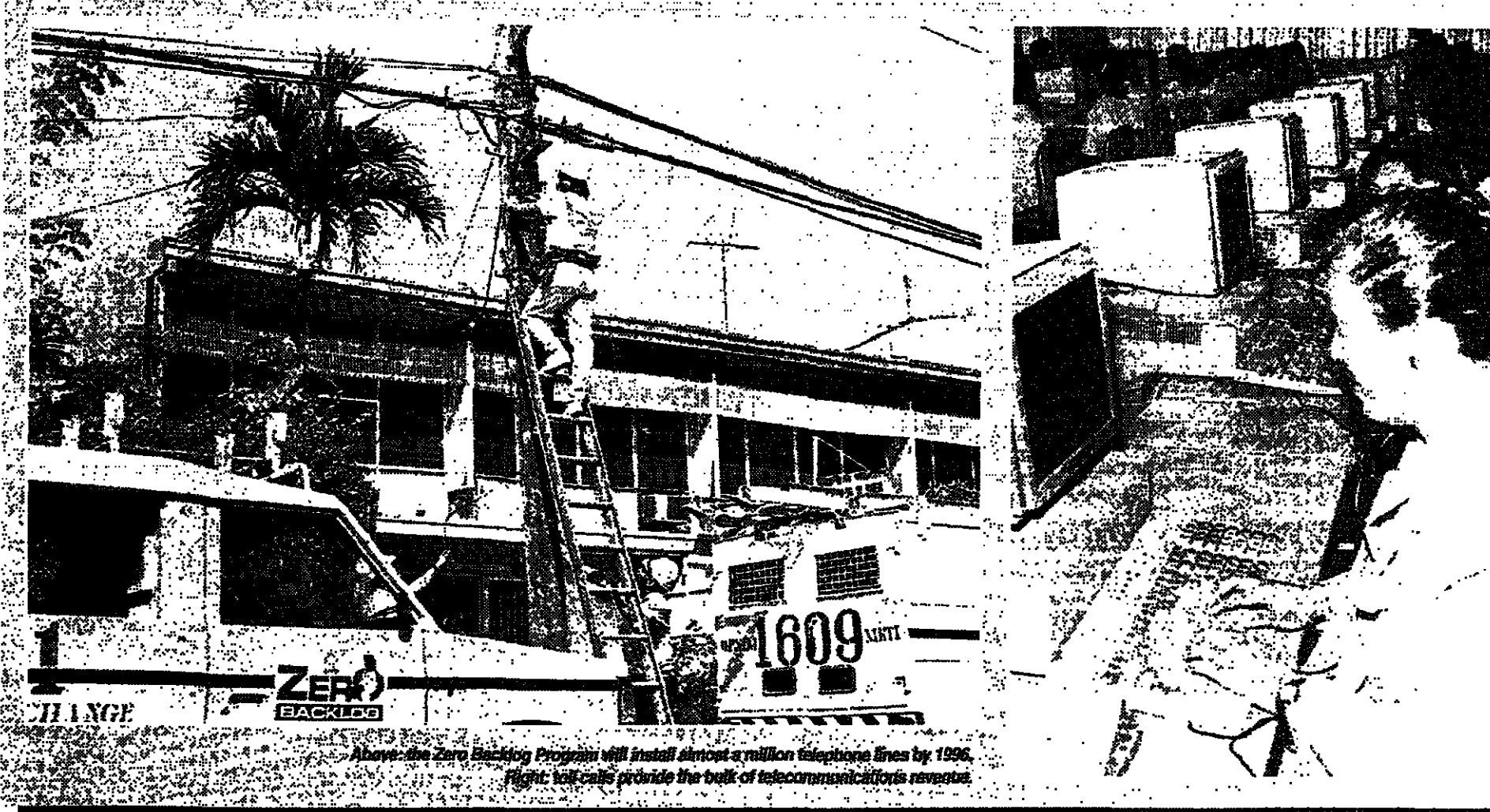
Interview by M.F.

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## SPONSORED SECTION

## THE PHILIPPINES: GATEWAY TO ASIA



## TELECOMMUNICATIONS TAKES AN IMPORTANT LEAP FORWARD

*Liberalization has caused an explosion of activity in the telecommunications field, with overseas companies entering brand-new markets.*

Soon after taking office in 1992, President Fidel Ramos signed two executive orders that gave a boost to the telecommunications industry in the Philippines. One mandated interconnection between all telecommunications companies, the other forced cellular and international operators to install less-profitable fixed lines. Then he opened the door to a dozen new players.

Mr. Ramos recognized the crucial need to develop the country's infrastructure — and especially the telecommunications system — in order to attract more investment to the Philippines.

**Spirited response**

Up until then, the industry was dominated by one carrier: the Philippine Long Distance Telephone Company, or PLDT, which controlled 90 percent of the country's 1.4 million phone lines. The difficulty of keeping up with demand meant a long waiting list of 800,000 would-be subscribers.

The new competition shook up PLDT, but although many assumed that the local giant would be hard hit by its challengers, the company has since surprised skeptics with its spirited response.

PLDT installed 172,000 telephones last year. It estimates that by 1996, it will have put in 970,000 lines under its "Zero Backlog" program — equivalent to the total number installed in PLDT's first 65 years of operations. At a cost of 70 billion pesos (\$2.66 billion), the scheme will allow PLDT to replace its analog facilities with digital technology, thus introducing new features like direct-distance dialing, call waiting, call forwarding, conference calls and so on.

**The cellular sector**

Cellular operators have also started sparring for a share of

the market. Subscribers can now pick from a choice of promotions and discounts, and once-scarce lines are now available on the day of application. In keeping with world trends, one operator, Globe Telecom, has introduced phones based on the Global System for Mobile communications, or GSM, technology. These units can serve as pagers and answering machines and can be used internationally as well.

New operators of overseas calling facilities are also going out of their way to woo customers. For example, Globe, which also runs an international "gateway," issues passwords to customers to allow them to charge overseas calls made throughout the country to their own phones. It is this part of the Philippine market that industry officials say is especially attractive because of the high volume of international calls to and from the country. These calls have grown annually at double-digit rates over the past decade. The bulk of PLDT's revenues comes from toll calls.

**Fourfold increase**

If companies keep their promises, there will be enough new land and cellular lines to at least quadruple the telephone network by the turn of the century. In a unique cross-subsidy plan, Manila has carved up the country into 11 sectors. Each cellular and international operator is required to put up several hundred thousand lines in its area. (PLDT, being a national operator, is not part of this scheme.)

Another new player, Bell Telecommunications, is proposing a completely different plan: It wants to build a fully integrated telephone system with a satellite toll backbone and high capacity fiber-optic cable network that will provide nearly 2.6 million lines within a decade.

Some skeptics, however, think some of the smaller new operators will be in a hurry to install their land lines — the

most capital-intensive and least-profitable part of the business — once they get their cellular or international business going.

After all, as Antonio Samson, PLDT's first vice president, points out, "What can you do if they fail to install the land lines required?" At the moment, not much, analysts say.

**The profit incentive**

Still, there are moves to make the fixed-line part of the industry more profitable. PLDT hopes to move to metered calling instead of the current fixed monthly rental charge, for example. That should help make that end of the business pay for itself and should encourage other companies to move faster on installation.

No matter how it turns out, all this expansion will cost money — by one account, around \$28 billion over the next 15 years. Many telecommunications companies plan listings over the next few years to raise funds for expansion projects. Some analysts are wondering if all the new players will be able to stand the competition. Already, several of the larger companies, such as Globe, backed by the Ayala family, Digitel (Gokongwei) and ICC Telecoms (Lopez), are discussing alliances.

Almost all have signed up with foreign partners. But interest remains high among outsiders looking at the potential for a huge, underdeveloped market. Companies providing support to the telecommunications operators will likely find a niche as well by supplying equipment like switches and handsets.

"The Philippines is not like developed markets, where the margins are small and you can barely survive," Mr. Samson points out. "It's missionary country, fertile ground for investors." A.C.

## INDUSTRIAL ESTATES ATTRACT BUSINESS

*Two former U.S. air bases are among the new zones.*

Philips — the company synonymous with lighting, electronics products and semiconductors — has been in the Philippines for more than 70 years and is clearly happy with the results. It recently started work on a 1.2 billion peso (\$50 million) plant to modernize and expand its semiconductor division's production base.

"Our new facility signals an affirmation of confidence in the business prospects and the stability of the Philippines," says Robert Martijnse, president and chief executive officer of Philips Group of Companies (Philippines). When it is completed in mid-1995, 2,600 workers will move into the 9-hectare (22-acre) plot at the Light Industry and Science Park — an industrial estate in Cabuyo, two hours south of Manila.

**Infrastructure laid on**

Philips is not alone either in its desire to invest in the country or to locate in one of the more than three dozen industrial estates scattered strategically throughout the country. Investors are attracted to the estates because of their installed infrastructure, which offers at least

partial relief from the shortages of utilities such as power, water and telecommunications elsewhere. Import procedures in the estates are often simplified, with tax exemptions on raw materials processed for export. There is also exemption from preshipment inspection.

For Manila, the estates are a way of stimulating employment, encouraging balanced regional growth and anchoring its export drive — and hence its economic growth for the future. Government-run industrial estates include four export processing zones (EPZs), plus Clark and Subic — former military bases converted into free ports. Properties are often leased for periods of up to 50 years, renewable for another 25.

Investment magnets So far, the government's plan seems to be working. Figures just released by the Export Processing Zone Authority show that 3.8 billion pesos worth of investments have been poured into the EPZs in the first seven months of this year, a hefty 70 percent increase over the same period last year. More important, these estates provide jobs for 86,000 people. Overall economic growth has been strong this year, too. The latest government statistics show gross national product increasing by 5.1 percent in the first half of 1994. Exports grew by 18.2 percent, while investments rose by 16.6 percent.

Less red tape, lower tariffs Manila has also been moving more purposefully toward deregulation and eliminating red tape; many restrictions on foreign exchange movements have been scrapped, for example. Tariff reform is in the cards, as are plans to dismantle local monopolies, such as in interisland shipping.

Some of the industrial estates are making full use of that edge by linking up their resources. For example, four neighboring estates south of Manila have a common labor data bank, which lists available manpower in specific areas, with capabilities and skills noted.

After all, points out J.D. Timmer, president and chairman of the board of management of Philips Electronics N.V.: "Quality is delivered by people. Technology alone is not sufficient to gain the competitive edge." A.C.

## REFORMS FOR BANKS AND STOCK MARKET

*Deregulation and reorganization in the finance sector are helping to attract capital inflow.*

Manila's stock market kicked up the most spectacular performance in Asia last year, its index soaring over 150 percent. Volume turnover was estimated at \$2 billion.

This feverish market saw significant correction in the first quarter of this year, dropping 43.1 percent before beginning more a more modest climb. Nonetheless, it has brought attention to radical financial reforms now under way in the Philippines.

In the past two years, sweeping reforms have lifted 40 years of foreign-exchange controls and deregulated the private banking sector. New laws that allow foreigners to own up to 60 percent equity in local banks and allowing entry for the first time to 10 foreign banks in retail capacities are considered generous by Southeast Asian standards.

**Central bank reborn**

At the same time, the country completely reorganized its central monetary authority. It abolished its old debt-strapped Central Bank, passed on its liabilities to the national government and created a new and more autonomous Bangko Sentral ng Pilipinas (BSP) with fresh capitalization and infusions of government securities. The former president of the Philippine National Bank, Gabriel Singson, is the BSP's first governor.

The move has been difficult for the national government's present debt and deficit profile and has caused much controversy. Planners have agreed, however, that unless the banking and financial sector is put in order and developed, the drive to attract massive capital flows will fail.

The government's current strategy is pinned on attracting private investment flows into traditional government preserves such as infrastructure and public utilities. In general, providing for a more competitive banking environ-

ment and deepening the secondary markets should increase options and reduce the cost of financing.

**The currency gap**

Just last month, the new BSP dropped its steep reserve requirements from 20 percent to 17 percent, a welcome move to reduce intermediation costs and pull down interest rates. More immediately, the move lessened the gap between peso and dollar interest rates to discourage huge amounts of inflows for arbitrage — between \$500 million and \$1 billion this year, estimates Mr. Singson. Those are not the kinds of inflows the country wants, he says.

At any rate, the more positive impact of these recent reforms has already been felt. The local banking community has provided the infrastructure for remittances of almost \$3 billion in the past two years from Filipino overseas workers.

Struggling for survival during the crisis years under strict regulations had tied the hands of the local banking community, says Rafael Buenaventura, head of the Bankers Association of the Philippines. Today, he cites the unbundling of many depositor services and the explosion in the number of automated teller machines, some of them already internationally linked.

**More and better banks**

The lifting of branch regulations has led to the establishment of 400 to 500 new bank outlets nationwide. A significant banking infrastructure is already in place and, like many sectors, is in the process of modernizing its equipment and processes.

Planners hope the entry of foreign banks will ease the flow of investments from abroad while providing sophisticated new financing products.

Developments in the stock market have been just as dramatic. The government mediated the unification of

two bourses. Market capitalization rose to \$18.9 billion, modest by international standards but representing a near tripling of index points.

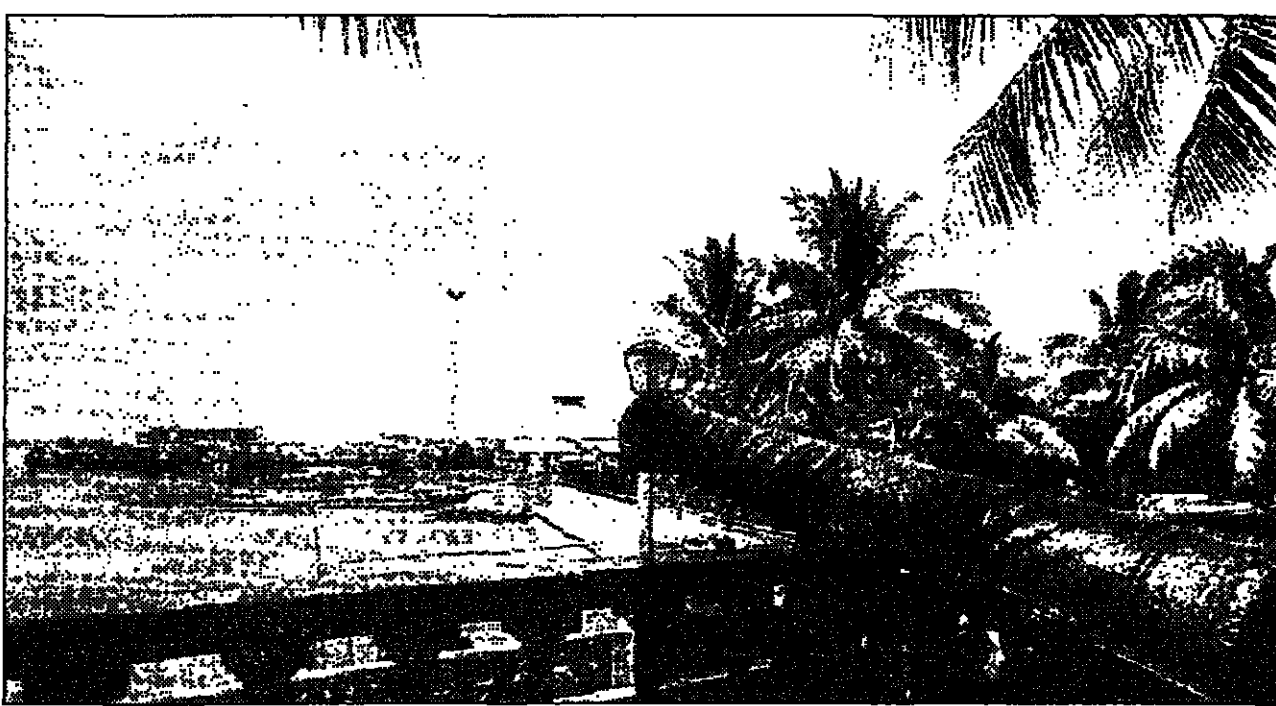
**Initial public offerings**

This emerging market is still thin, and its speculative nature cannot be discounted. But 13 initial public offerings were listed last year, and the market demonstrated its ability to absorb relatively big issues. Two newcomers raised 3 billion pesos (\$110 million) each. The offering this month of 1 billion shares of the 40 percent Saudi Arabian-owned Petron, the country's largest oil company, was the biggest in the market's history.

Given increasing stability in the country and the region and improved information flows, the PSE should help accelerate the growth process. The real significance of the 1993 surge, says William Ferguson of Citibank, N.A., Manila, is that the Philippines was no longer left out of the bull rush. The Philippines was finally a country in which portfolio investors could invest with minimal downside risk from controls on capital flows and erratic exchange-rate movements, according to Mr. Ferguson.

Encouraged by large inflows of foreign funds last year, the Philippine Stock Exchange is now working with the bankers to set up a computerized central clearinghouse and depository by early next year. The project is supported by the Asian Development Bank and U.S. development assistance. Protective listing and trading rules are being strengthened.

As in other sectors, the reforms are being implemented with regionalization in mind. The emergence of a "dragon" market in Asia is being led by the newly industrialized east Asian nations and is fueled by the tremendous financing needs of the entire developing region. M.F.



Remnants of the Spaniards: a cannon overlooks the harbor in Zamboanga.

## HISTORY: FROM MAGELLAN TO ASEAN

*Today, after centuries of foreign influence, the Philippines is returning to its regional roots.*

Portuguese explorer Ferdinand Magellan, leading a Spanish expedition, discovered a new gateway to the Oriental kingdoms by sailing westward across the Pacific Ocean and passing through the straits of what are now the Philippine islands in 1521.

The country's 7,100 islands guard the southeastern flank of the South China Sea community, which flourished through the years of the ancient China trade. Sprawled along vital searoutes and trading routes, many Philippine port kingdoms prospered. Their people were renowned seafarers and shipbuilders.

**The Spanish navigators**

Magellan bumped into the islets of the Central Philippines, eventually finding the larger island of Cebu, where he secured provisions.

Magellan was killed in a battle with the natives of Cebu's neighboring island of Mactan. But a few survivors returned to Spain, completing the first circumnavigation of the globe.

More than 40 years later, Miguel Lopez de Legazpi returned to conquer the islands, which were named Filipinas in honor of the crown prince, Philip II.

Three centuries of Spanish rule united the various Philippine kingdoms into what is now the Philippines, the only predominantly Catholic nation in the region. The more cohesive Muslim kingdoms resisted colonization, entering into treaties with the Portuguese, Dutch, British and French.

**The U.S. influence**

Following the Spanish-American war, the colony — including the southern Mus-

lim areas — were ceded to the United States in 1898.

Filipino revolutionaries, who declared their independence the same year, found themselves thrown into another war with new invaders.

American rule was broken by a four-year Japanese occupation during World War II. Independence was eventually granted in 1946. The Philippine constitution, government and English-language-based public education system were set up by the Americans. Parity rights, military-base agreements and other trade ties kept the country under the American sphere of influence.

Communist insurgency emerging in the 1950s made resistance to "continued American imperialism" its main battle cry. Poverty and agrarian unrest in a feebly expanding economy provided rebels with fertile conditions for revolt.

**Democratic government** The declaration of martial law by Ferdinand Marcos in 1972, ostensibly to save the republic from the communists and to marshal resources for rapid industrialization, ended in economic collapse and military revolt. In 1986, a bloodless popular uprising brought back democratic government. In 1991, after a Senate vote to deny an extension to the military-base treaty, American troops were pulled out.

Today, the Philippines is looking back to its original South China Sea community, now organized into the Association of South East Asian Nations (ASEAN). The Philippines, coming full circle, is positioning itself as a gateway to a new Pacific century. M.F.

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# In African Markets Formerly Its Own, France Finds It Hard to Let Go

By Howard W. French  
New York Times Service

ABIDJAN, Ivory Coast — Nine months after France devalued a West African currency it had long supported, foreign businessmen and diplomats say that Paris is sending ambivalent signals to its former colonies over their efforts to open up to more international investment and trade.

Prime Minister Edouard Balladur of France has said the devaluation was an attempt to reinstate Africa "in the grand commercial currents of the world." The International Monetary Fund and others had called for a devaluation of the currency, the African franc, which is used by 11 countries in the region.

But while France has urged the countries to open their economies, many people here say that it has shown little willingness to make room for other influences in an area where its hold remains powerful after more than three decades of independence.

France's reach in its former colonial empire can be seen in everything from the symbolic to the concrete. In countries such as Ivory Coast, Senegal and Gabon, boulevards have been named for every French president since de Gaulle, and French troops train their African counterparts and serve as the ultimate republican guard.

Throughout the region, specialists sent from Paris supervise services from the police to the post office. And until Mr. Balladur recently put a stop to the practice, timely French financial assistance helped assure stability by paying civil servants when governments were hard pressed to meet payrolls.

Decades of carefully cultivated ties and supervision of local affairs have meant that French companies were almost certain to have a decisive advantage whenever major international contracts were being awarded.

In international business circles, France's edge in its former African colonies earned this region the reputation of being Paris's *chasse gardée*, or private game reserve.

The exchange rate for the African, or CFA, franc, fixed at 50 to one French franc from 1948 until early this year, gave Paris another strong commercial advantage over other exporters to this region.

But since the currency was devalued to where it now takes 100 CFA francs to buy a French franc, France has grown anxious as West Africans have begun scrambling in search of the best deal, rather than automatically looking to France.

"The days when all roads ran through the former metropolis are over," the French daily *Liberation* commented.

Hoping to protect cozy market arrangements, France too has been scrambling. In an effort to keep African pharmacists from seeking medicines from lower-cost suppliers in Europe and Asia, for example, the French government recently began encouraging the export of generic medicines to Africa for the first time.

Business executives and diplomats in Ivory Coast and elsewhere tell of mysterious port delays holding up new Canadian telecommunications gear and discreet political intervention from Paris urging that a major cocoa trading concern not be sold into American hands.

No recent case has drawn more attention than that of an American oil company, United Meridian, that in March discovered enough oil and natural gas offshore to meet Ivory Coast's fuel needs and perhaps eventually allow it to become a small exporter. A French group led by the civil engineering company Bouygues SA had rights to an adjacent field and nurtured hopes of building

a pipeline to the coast, where it would install turbines to generate electricity from the natural gas offshore.

Bouygues, which already controls the electricity and water companies and is believed to be interested in Ivory Coast's telephone business as well, has long had close links with the Ivorian political elite as well as diplomatic support from France.

"We felt we could negotiate with them and sell them gas from our well, which was ready to produce," said Steve Thornton, director of United Meridian's Ivory Coast operations.

Their response was, "Thank you, but you have no right to exploit gas in the Ivory Coast."

Several people with knowledge of the oil dispute described what ensued as an all-out effort by the French company, supported by French diplomats, to shove the American company out of the picture. Within weeks of the oil discovery, Ivory Coast's new president, Henri Konan Bedie, had been invited to Paris as one of a

select few foreign guests to review French troops on Bastille Day.

"An American company discovered oil and was offering the Ivory Coast a better deal for gas at the same time, but the French just went crazy," said one Western diplomat who monitored the petroleum exploration closely. "Had this deal gone sour, I think it would have been the kiss of death of American interest in the country."

In the end, United Meridian won out, but not before what many said was rare countervailing support from the State Department and Energy Department in Washington. In addition, Bouygues was itself awarded a contract to go ahead with its gas turbines, which will be fueled from the American-developed field.

"It's kind of like an empty-nest syndrome," one diplomat here said of France's actions.

"Your child is finally going away to college. You know that's what's best for him, but you just can't deal with it."

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## Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes	Sept. 9	Sept. 2	Chg	Money Rates	Sept. 9	Sept. 2
United States	3674.81	3682.58	-7.77	Discount rate	4.00	4.00
DJ Indus.	179.57	184.25	-4.68	Prime rate	7 1/4	7 1/4
DJ UHL	157.84	167.04	-9.20	Federal funds rate	4 1/4	4 1/4
DJ Trans.	107.04	107.04	0.00	Japan		
S & P 100	432.13	434.82	-2.69	Discount	1 1/4	1 1/4
S & P 500	468.18	474.08	-5.90	Call money	2.25	2 1/4
S & P Ind	351.22	354.28	-3.06	3-month interbank	2 1/4	2 1/4
NYSE Comp	298.28	299.75	-1.47	Germany		
FTSE 100	3129.20	3222.70	-93.50	Lombard	4.00	4.00
FT 30	2427.00	2504.20	-77.20	Call money	4.50	4.50
Nikkei 225	19897.88	20452.63	-554.75	3-month interbank	5.00	5.00
DAX	2185.15	2204.71	-19.56	Bank base rate	5 1/4	5 1/4
Hong Kong				Call money	5.00	5.00
Hong Seng	10145.00	9701.56	+443.44	3-month interbank	5 1/4	5 1/4
Shanghai	636.80	642.50	-5.70	Saudi	Sept. 9	Sept. 2
MASCP				London 3m, 6m, 9m	390.75	390.75

World Index From Morgan Stanley Capital Int'l.

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## NASDAQ NATIONAL MARKET

Consolidated trading for week ended Friday, Sept. 9

(Continued)

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# MONDAY SPORTS

## Hill Triumphs In Italian Prix

**The Associated Press**  
**MONZA, Italy** — Damon Hill drew closer to Michael Schumacher in the world drivers' title race Sunday, guiding his Williams-Renault to a 4.9-second victory over Gerhard Berger's Ferrari in the Italian Grand Prix.

The British driver scored his seventh career Formula One victory — and his second straight at the Monza autodrome — by taking the lead at the halfway mark and fighting off a strong challenge from Berger in the 53rd and final lap.

After 12 races of the 16-race world championship season, Hill has 65 points and Schumacher 76. Berger is a distant third with 33 points. It was Hill's fourth victory this season; Schumacher, serving the first half of a two-race suspension, did not compete.

The German driver, who was punished for ignoring a black flag during the British Grand Prix, also will miss the Portuguese Grand Prix at Estoril on Sept. 25.

"It's essential we try to get 10 points at Estoril," Hill said. "Today was an exciting race, but we are going to have to really improve."

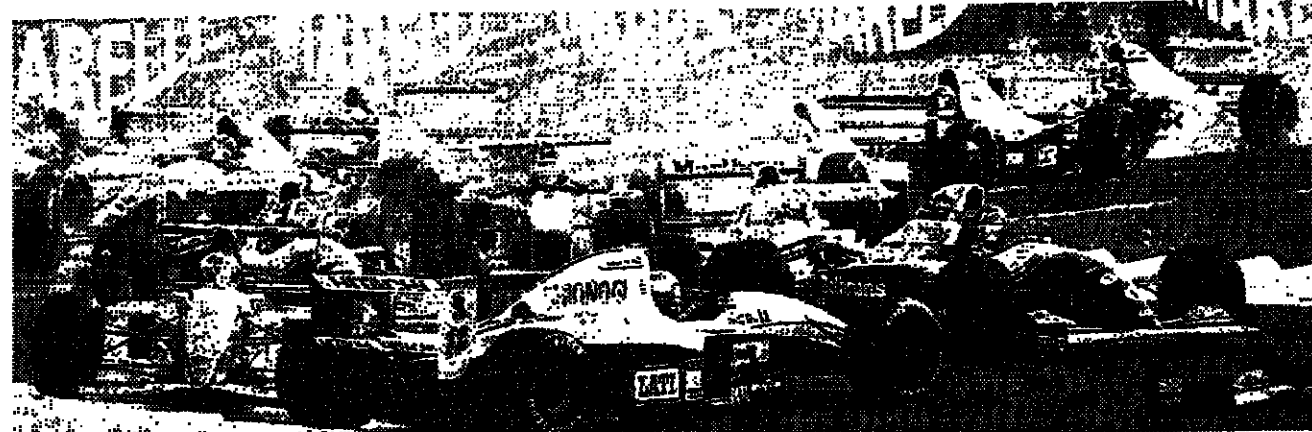
David Coulthard, Hill's Brit-

ish teammate, had a sudden engine failure at the very last curve — the Parabolica — while in second place and missed the chance to give Williams-Renault a 1-2 triumph. He finished sixth.

Hill completed the 307.4-kilometer (191.009-mile) race in 1 hour, 18 minutes, 2.754 seconds.

He said he was lucky to escape without major damage to his Williams-Renault when a first-lap pileup forced organizers to stop and restart the race after a 20-minute delay.

The pileup at the first chi-



A collision at the first chicane on the opening lap banged up several cars and forced a restart, but no one was injured.

cane, shortly after the green light, was touched off by Eddie Irvine, who hit Johnny Herbert's Lotus-Mugen Honda.

The International Federation suspended Irvine for one race because of the incident.

The day was not without controversy and celebration.

Berger, who strongly sup-

ported modifications of the Monza course to improve safety of the circuit, criticized the organizers for the many mistakes made after his warmup crash.

"I was lying down and cars kept coming," he said. "What would have happened if one of these had a brake failure? It's unbelievable."

## Le Gets China's 5th World Record, and Finland's Sievinen Sets Medley Mark

**The Associated Press**  
**ROME** — China's Le Jingyi broke the 50-meter freestyle world record Sunday and collected her fifth gold medal of the World Swimming Championships, while Jani Sievinen became the first Finn to break a world mark and 18 team officials called on FINA, the sport's governing body, to step up the fight against drug use.

Le was timed in 24.51 to trim 0.28 off the 50-meter mark set by China's Wenyi Wang in the Barcelona Olympic final in 1992. It was the 10th world record to be set at these championships, five by the Chinese women.

Minutes before, Sievinen set the

ninth when he swam 1:58.16 in the 200 individual medley.

China's Liu Limin collected her third gold of the championships in the 200 butterfly and He Chong won her third in the 200 backstroke. The Chinese wound up with 12 swimming golds out of 16 women's events.

The relay team of He, Dai Guohong, Liu and Le set a world record for the 400-meter medley on Saturday, clocking 4 minutes, 1.67 seconds to cut 0.37 seconds off the mark the United States set in the 1992 Olympics.

He also set a record for the 100 backstroke, swimming the first leg in 1:00.16 to break the mark of 1:00.31

held by Hungary's Kristina Egerszegi. The 18 officials, among them U.S. national team director Dennis Purley, Australia's Don Talbot and Dave Johnson of Canada, signed a declaration calling on FINA to step up the fight against what they described as "the single greatest threat to the progress and integrity of the sport."

The declaration did not mention China, but comes against a background of widespread rumor and allegation largely aimed at the Chinese women swimmers, who dominated these world championships.

Le smashed Jenny Thompson's world mark in the 100 freestyle in the

first final of the championships and remained in record-breaking form on the final day. She also had won golds in the three relays.

She was edging ahead at halfway with her stiff, splashing style and was ahead of the field by more than a meter at the end.

Russian swimmer Natalia Mesheryakova won the silver in 25.10 and American Amy Van Dyken placed third in 25.49.

Sievinen reached halfway after the butterfly and backstroke legs of the medley in 56.61, inside world record pace and with American rival Greg Burgess in pursuit, 0.35 behind.

The Finn, second when U.S. swimmer Tom Dolan broke Darny's 400 medley world record on Tuesday, increased his lead down the breaststroke leg and was well clear at the finish.

Burgess took the silver medal in 2:00.86 and Hungary's Attila Czene collected the bronze.

Australia's Kieren Perkins — who said he "was feeling really bad because of a wild attack of bronchitis" — won the 1,500 freestyle, but was almost nine seconds off record he holds.

In the final event of the competition, the U.S. 400 medley relay team.

## SCOREBOARD

### Top 25 College Results

How the top 25 teams in the Associated Press college football poll fared this week:

1. Nebraska (24) beat Texas Tech 42-14, Thursday, Sept. 11. 2. UCLA (20) beat Florida State 24-14, Saturday, Sept. 11. 3. Miami (14) beat Tennessee 34-14, Saturday, Sept. 11. 4. Michigan State (13) beat Michigan 34-14, Saturday, Sept. 11. 5. Washington (12) beat Stanford 34-14, Saturday, Sept. 11. 6. Texas A&M (11) beat Texas Tech 34-14, Saturday, Sept. 11. 7. Alabama (10) beat Auburn 34-14, Saturday, Sept. 11. 8. Oklahoma (9) beat Texas Tech 34-14, Saturday, Sept. 11. 9. Texas Tech (8) beat Texas Tech 34-14, Saturday, Sept. 11. 10. Texas Tech (7) beat Texas Tech 34-14, Saturday, Sept. 11. 11. Alabama (6) beat Auburn 34-14, Saturday, Sept. 11. 12. Oklahoma (5) beat Texas Tech 34-14, Saturday, Sept. 11. 13. Texas Tech (4) beat Texas Tech 34-14, Saturday, Sept. 11. 14. Texas Tech (3) beat Texas Tech 34-14, Saturday, Sept. 11. 15. Texas Tech (2) beat Texas Tech 34-14, Saturday, Sept. 11. 16. Texas Tech (1) beat Texas Tech 34-14, Saturday, Sept. 11.

### Major College Scores

Army 49, Navy 27  
 Boston U. 45, Colgate 7

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San Francisco 24, Oakland 14  
 Los Angeles 24, San Diego 14

### East

New York Jets 24, New England Patriots 14  
 Baltimore Colts 24, Pittsburgh Steelers 14

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Minnesota Vikings 24, Chicago Bears 14  
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## DENNIS THE MENACE



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## PEANUTS



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